

MEETING  
STATE OF CALIFORNIA  
CALIFORNIA PERFORMANCE REVIEW COMMISSION  
FINAL HEARING

EMERALD A-E  
STUDENT CENTER  
UNIVERSITY OF CALIFORNIA, IRVINE  
IRVINE, CALIFORNIA

WEDNESDAY, OCTOBER 20, 2004

10:33 A.M.

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

APPEARANCES

UNIVERSITY OF CALIFORNIA, IRVINE

Ralph J. Cicerone, Chancellor

COMMISSION MEMBERS

Bill Hauck, Co-Chairperson  
President, CA Business Roundtable

Joanne Kozberg, Co-Chairperson  
Partner, CA Strategies

Patricia Bates, Assembly Member  
California State Legislature

Jess "Jay" Benton, Executive Vice President  
ABM Industries

Dale Bonner, Partner  
Epstein Becker & Green, P.C.

Jim Brulte, Senator  
California State Legislature

James Canales, President & CEO  
The James Irvine Foundation

Mike Carona, Sheriff  
Orange County

Patricia Dando, Vice-Mayor  
City of San Jose

David Davenport, Distinguished Professor  
Pepperdine University

Denise Ducheny, Senator  
California State Legislature

Joel Fox, President  
Small Business Action Committee

Steve Frates, Ph.D.  
Claremont-McKenna College

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APPEARANCES (CONT.)

COMMISSION MEMBERS (CONT.)

Russ Gould, President  
The Gould Group

J.J. Jelincic, President  
CA State Employees Association

Steve Olsen, Vice Chancellor  
Finance & Budget  
University of California, Los Angeles

Beverly O'Neill, Mayor  
City of Long Beach

Peter Taylor, Managing Director  
Lehman Brothers Public Finance

Carol Whiteside, President  
Great Valley Center

STAFF

Chon Gutierrez, Co-Executive Director  
California Performance Review

Chris Reynolds, Team Leader

Anne Sheehan, Executive Director  
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Jan Boel, Deputy Director  
Office of Planning and Research

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1 P R O C E E D I N G S

2 COMMISSION CO-CHAIRPERSON KOZBERG: Good  
3 morning. Welcome to the eighth meeting of the California  
4 Performance Review Commission. At this meeting we will be  
5 culminating all of the public testimony. As you know,  
6 public testimony closed on September 30th, but we will be  
7 including all the testimony here, today, in our transcript.

8 And if you wish to continue your correspondence,  
9 we ask you to do so with the Governor's office, as this is  
10 an ongoing process.

11 If we could go around the room, we'd like to  
12 introduce the Commission to you. Steve, do you want to  
13 start self-introductions?

14 COMMISSIONER OLSEN: I'm Steve Olsen, I'm Vice-  
15 Chancellor for Finance and Budget at UCLA.

16 COMMISSIONER GOULD: I'm Russ Gould, the President  
17 of the Gould Group consulting firm, former Director of  
18 Finance, and Secretary for Health and Welfare Agency for the  
19 State.

20 COMMISSIONER TAYLOR: Good morning. I'm Peter  
21 Taylor, I'm Managing Director in the Fixed Income Division,  
22 with the investment banking firm of Lehman Brothers, in Los  
23 Angeles.

24 COMMISSIONER DAVENPORT: David Davenport,  
25 Professor of Public Policy at Pepperdine University, and

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1 Research Fellow at the Hoover Institution.

2 COMMISSION CO-CHAIRPERSON KOZBERG: I'm Joanne  
3 Kozberg, a Partner in California Strategies, and former  
4 Secretary of State and Consumer Services Agency.

5 COMMISSION CO-CHAIRPERSON HAUCK: Bill Hauck,  
6 President of the Business Roundtable, former, I don't know,  
7 lots of things, I guess.

8 COMMISSIONER DANDO: Good morning. Pat Dando,  
9 Vice-Mayor, City of San Jose.

10 COMMISSIONER JELINCIC: J.J. Jelincic, President  
11 of the California State Employees Association.

12 COMMISSIONER WHITESIDE: Carol Whiteside,  
13 President of the Great Valley Center and former Assistant  
14 Secretary of the California Resources Agency.

15 COMMISSIONER FRATES: Steve Frates, Senior Fellow  
16 at the Rose Institute of State and Local Government, at  
17 Claremont-McKenna College.

18 COMMISSIONER FOX: I'm Joel Fox, representing the  
19 Small Business Action Committee, former President of the  
20 Howard Jarvis Taxpayers Association.

21 COMMISSION CO-CHAIRPERSON KOZBERG: Patricia?

22 COMMISSIONER BATES: Pat Bates, I represent the  
23 73rd Assembly District in our State Legislature, which is  
24 South Orange County and North San Diego County.

25 COMMISSION CO-CHAIRPERSON KOZBERG: There will be

1 several more members of the Commission joining us as, we all  
2 know, the weather is very bad, and so many of them are  
3 flying in or trying to drive here on freeways that have been  
4 closed down.

5 But if we could now turn to Chancellor Ralph  
6 Cicerone, from the Irvine campus, to give us a welcome. And  
7 this is a remarkable campus that is just moving forward in  
8 such a short period of time, and Chancellor Cicerone,  
9 congratulations on your latest Nobel.

10 CHANCELLOR CICERONE: Thank you. I think, as you  
11 would imagine, I would first say a thank you to the  
12 Commission for taking on the task that they've done.  
13 However, on a day like today, I hope everybody understands  
14 that that's really a genuine thank you. It's above and  
15 beyond the call to come out on a day like this, and to fight  
16 through traffic, and to try to complete your work.

17 So on behalf of everybody here, certainly the  
18 campus, we thank all of you, Commissioners, for the enormous  
19 amount of work you've been doing in the interest of better  
20 governance for the State of California, for which we all not  
21 only support you, but we agree with the goals, very much,  
22 that the Governor has laid down.

23 We're happy to have a UC Regent there, as Co-Chair  
24 of the Commission, Joanne Kozberg. And Bill Hauck, on  
25 behalf of the CSU system, we're proud and happy to have you



1   there because the university system in California is  
2   something that, as a non-native, I did not grow up in  
3   California, I can tell you, it's the envy of the country and  
4   we want to continue to improve it.

5               And Bill, you were so kind to come down and speak  
6   to our Business Roundtable several months ago, and left them  
7   with many thoughts. Thank you.

8               And Regent Kozberg is here, doing informal reviews  
9   and her own evaluations, and helping us all the time. So  
10   thank you.

11              The whole University of California, I think I can  
12   say, is very enthusiastic about what the Commission is  
13   doing. We feel very much at the leading edge of what this  
14   State needs.

15              There's an old joke that I should tell you, that  
16   you've probably heard the old version of it, that for a  
17   university leader to be successful, he or she has to provide  
18   three things; sex for the students, football for the alumni,  
19   and parking for the faculty.

20              Well, that's changed. And what I'm looking for is  
21   a new version of that joke because around the country  
22   there's a fourth requirement that has really come to the  
23   fore, that all of us are feeling, certainly the research  
24   universities, and that is to help the regional and national  
25   economy.

1           One reason for that is it has become clearer and  
2 clearer that the United States' entire economy depends on  
3 innovation. It's very difficult for us to keep our  
4 manufacturing base and you can see that it's not happening.  
5 We depend a great deal on innovation.

6           In particular, the business leaders of this area,  
7 who have become very supportive of UC Irvine, and our cause,  
8 are telling us more and more that they want to see more  
9 graduate degree holders, they want to see our students have  
10 more and more opportunities for research during their  
11 undergraduate years so that it's ever more guaranteed that  
12 they will come out into the economy at the forefront of  
13 their fields, with background on the latest devices, more  
14 awareness of where every field is and how to keep it ahead.

15           We're doing, I think, a good job. In the last  
16 three years or so the University of California, while its  
17 State funding has gone down more than 15 percent, the  
18 enrollments have gone up more than 15 percent, so I think  
19 we've been more productive. Student fees are certainly  
20 making up for some of the difference in cost, our revenue,  
21 but not all of it.

22           Here, at UCI, we've grown by more than 6,000  
23 students in the last six years. We're very pleased that  
24 this room isn't leaking because we've been putting off some  
25 maintenance on this particular building, the Student Center,

1 because we have to expand it and renovate it as quickly as  
2 possible. So as the construction contract is being let,  
3 we've held back on some roofing maintenance, and I'm really  
4 happy that the rain hasn't come through. But we're going to  
5 get it done.

6           What I said about innovation I think is  
7 particularly true for California because we are a high cost  
8 State. Nobody here needs to be told about the cost of  
9 living. So we need high paying jobs. And the only way that  
10 we can see to have high paying jobs in today's economy, and  
11 the competitive situation the United States finds itself in,  
12 is to be at the leading edge of an innovate economy based on  
13 new devices, new techniques, new processes that can stay  
14 ahead of the competition around the world which, quite  
15 often, copies what we do. Although, increasingly, they're  
16 becoming capable of innovating, themselves. So it's a very  
17 competitive economy.

18           We try the best we can to hold down costs. On  
19 this campus we've been very energy efficient, building into  
20 our buildings low maintenance costs. And I think, if you  
21 get a chance to walk around in the rain, you'll see that.

22           So we look forward to your, I hope, final sifting  
23 through of all the recommendations and putting forward plans  
24 to be adopted by the State government, for which the rest of  
25 us will have to help.

1 I know our campus is looking forward to seeing  
2 which of the suggestions and ideas that we can incorporate  
3 into our own business planning, because we have to do our  
4 part, we have to be more efficient.

5 And in the interest of providing more access for  
6 University of California high school graduates, and  
7 guaranteeing that the education they get here is at the  
8 forefront and that the research that they'll be exposed to  
9 is really meaningful, we have many issues of costs and  
10 revenue issues, too.

11 So welcome to this campus, we're delighted you  
12 could be here. We really do thank the Commissioners for  
13 doing everything you've been doing, especially on a day like  
14 this, and thanks for visiting us here, at UC Irvine. Thank  
15 you, Regent Kozberg.

16 (Applause.)

17 COMMISSION CO-CHAIRPERSON KOZBERG: Thank you,  
18 Chancellor.

19 Dale Bonner, a Commissioner, has just come in, a  
20 Commissioner from Los Angeles. And Dale, if you could  
21 introduce yourself to the audience.

22 COMMISSIONER BONNER: Thank you, Joanne. I'm Dale  
23 Bonner, I'm a private attorney in the City of Los Angeles,  
24 and the former Commissioner of the State Department of  
25 Corporations.

1 COMMISSION CO-CHAIRPERSON KOZBERG: Thank you.

2 As I see many of you in the audience that I  
3 recognize, I know some of you have been with us before and  
4 so you are familiar with the CPR process.

5 But for those of you who haven't, let me share  
6 with you that in February the Governor created the  
7 California Performance Review, 275 very talented, seasoned  
8 veterans of State government came together to take a look at  
9 what we could do better for the citizens of California, and  
10 came out with the report.

11 As part of that CPR process, he also named a  
12 Commission. We are the Commission. We have been charged  
13 with receiving broad input and diverse opinion on the CPR  
14 report.

15 If I could also ask all of us, up here, and in the  
16 audience, if you could turn off your phones, I think it  
17 would be helpful.

18 To date we've heard from over 3,600 individuals  
19 who have commented on the report and today we will be  
20 working to try to bring our report to closure.

21 What we were asked to do is get the input, and I  
22 really want to compliment the staff that worked with us, in  
23 addition to the 275 talented individuals that put together  
24 the report, they did an amazing job. And, hopefully, are  
25 there copies for the public, sitting out there, of the

1 compilation?

2 It's on the web. Okay, thank you.

3 We're going to start with public testimony today,  
4 and we're going to limit that testimony to one hour. So  
5 again, we're going to ask you to limit your remarks to three  
6 minutes. We have a timekeeper up here that will let you  
7 know when your time is over.

8 I'm going to call the names, and if you could just  
9 move to the front, so that we can ensure that we can hear  
10 from everyone. Page Dougherty, Kate McGinnis, Lois Trader,  
11 Conner Everts, and Ann Desmond, if you could come forward.

12 And we're going to start with Page Dougherty. If  
13 you could say your name and what you'll be speaking on?

14 MR. DOUGHERTY: My name is Page Dougherty, I'm  
15 representing myself. I'll be speaking on the issue of the  
16 Building Standards Commission, State Fire Marshall's Office,  
17 HCD, OSHPD, and DSA.

18 And my comment is that I feel that these agencies,  
19 State agencies, are very important in the work they do for  
20 the fire protection and life safety for the citizens of  
21 California. And to follow the recommendation, I feel, puts  
22 those offices and departments at a lower level of  
23 responsibility than they are, than they should be and they  
24 are currently.

25 My recommendation is to leave them as they

1 currently are and at their level of authority and  
2 responsibility. Thank you.

3 COMMISSION CO-CHAIRPERSON KOZBERG: Thank you.  
4 Kate McGinnis.

5 MS. MC GINNIS: Hi, I'm Kate McGinnis, I'm  
6 representing the California Coast Keeper Alliance. Thank  
7 you for the opportunity to speak today.

8 The central goal of the California Performance  
9 Review is to put people first. This is an admirable goal.  
10 To meet this goal, the Commission must ensure that they do  
11 no harm to the air we breathe, the water we drink, and the  
12 environment we live in. Every proposal should meet this key  
13 requirement.

14 The recommendations to eliminate key boards and  
15 commissions will reduce public participation, reduce public  
16 oversight, and reduce transparency in our government.

17 In particular, the California Coast Keeper  
18 Alliance is strongly opposed to the proposal to eliminate  
19 the State and Regional Water Boards. We are a coalition of  
20 local, grassroots organizations, who work on the ground, in  
21 watersheds throughout California. Each of our member  
22 organizations know their watersheds like the back of their  
23 hands.

24 It is important to maintain regional boards who  
25 know and care about the intricacies of these watersheds.

1           The water boards have shown national leadership in  
2   developing controls for storm water, agricultural, and  
3   silvicultural discharge. The boards' decisions on at least  
4   a hundred thousand matters, in a public forum, have  
5   minimized the number of cases that have moved into the court  
6   system, and this has saved the State a fortune.

7           Moving the work of these boards into a State  
8   agency, under the purview of executive officers, will limit  
9   the ability of the public to weigh in on the issues that  
10  affect the health, the livelihoods, and their surroundings.

11          It will, instead, favor the powerful and the well-  
12  connected, who will have the time and energy to have access  
13  to these executive officers.

14          I urge you to also consider the detailed comments  
15  that the California Coast Keeper Alliance has already  
16  submitted. Thank you.

17          COMMISSION CO-CHAIRPERSON KOZBERG: Thank you.

18          Lois Trader.

19          MS. TRADER: Hi, I'm Lois Trader. And I would  
20  like to have had 500,000 women with me, but they couldn't  
21  make it because they died of heart disease. So I'm  
22  representing women's heart disease, and I just want to make  
23  it very clear how much I personally oppose the  
24  recommendations by the CPR to cut any funding, particularly  
25  that would help the American Heart Association because,



1 because of them I'm able to hang out with my children and,  
2 hopefully, with my grandchildren, because the doctors that I  
3 had met in my personal dilemma with heart disease were not  
4 prepared to understand that at my age, and judging me just  
5 from the outside, that I had heart disease, which I do, and  
6 had to have a stent put in my artery to keep me alive.

7           So I just want to make it real clear that it is  
8 the number one killer of Americans. The number one killer  
9 of American men and women. And if I could just recommend  
10 that we keep trying to educate the public and educate  
11 doctors, which also happens through the American Heart  
12 Association, then perhaps those 500,000 women won't die  
13 again next year.

14           Thank you.

15           COMMISSION CO-CHAIRPERSON KOZBERG: Thank you.

16           Conner Everts.

17           MR. EVERTS: Thank you very much. My name is  
18 Conner Everts. I appreciate this opportunity, not only a  
19 little refuge from the storm here, but this is my fourth CPR  
20 meeting, and I've submitted my name each time, and  
21 persistence must work here, because here I get an  
22 opportunity to speak and I'm kind of at a loss at this  
23 point.

24           I would like to actually reiterate what Kate  
25 McGinnis said, in terms of the regional boards, because

1 those are public opportunities.

2 I represent a few organizations, and because they  
3 know I like to go to meetings more than they do, I have been  
4 the one who has been traveling around from Riverside, to  
5 Fresno, to Los Angeles, and here, to Irvine. This was  
6 probably the most difficult, just because of the rain.

7 But it really made me realize the difficulty for  
8 the people I work for, in the environmental justice  
9 community, so I'm representing the Environmental Justice  
10 Coalition for Water, Dr. Henry Clark spoke in Davis.

11 I'm also representing the group called the  
12 Environmental Water Caucus, made up of 23 large and small  
13 organizations from across the State.

14 And my own group, which is called POWER, Public  
15 Officials for Water Environmental Reform. We're in our 14th  
16 year of an annual Water Policy Conference, where we bring  
17 together people from agencies, business, environmental  
18 groups, and have a very balanced approach to these issues.

19 Our concerns are, first, with the public  
20 participation, we had one week and a day, to the first  
21 meeting, to try to grasp the concept of water as  
22 infrastructure, and the possibility of a spinoff of the  
23 State water contractors to a JPA.

24 We submitted comments and we're continuing to  
25 research that issue, because it is a large change to what we

1 have known.

2 I know that Mark Twain once said that "I like  
3 progress, it's change I have a hard time with."

4 But we do want the time to really be informed  
5 about these issues before we move forward, and that's one of  
6 the main concerns of all the groups that I'm representing.  
7 So I do want to thank you for this one, final opportunity to  
8 speak.

9 And I hope, even though this process is done, that  
10 the process remains open for, really, what are major changes  
11 for the future of California. Thank you very much.

12 COMMISSION CO-CHAIRPERSON KOZBERG: Thank you.

13 Ann Desmond.

14 And before Ann comes up, we will hear from Joe  
15 Massey, Bob Caustin, Mey Rafiei, and Liz Doyle.

16 MS. DESMOND: Good morning, my name is Ann  
17 Desmond. I am representing the one million members of the  
18 California State PTA. And I'd like to take the opportunity,  
19 this morning, to comment on several of the California  
20 Performance Review recommendations, particularly on  
21 education.

22 First is the expansion of the role of the  
23 appointed Secretary for Education. PTA strongly believes  
24 that the Superintendent of Public Education must have  
25 responsibility for the fiscal and programmatic

1 implementation of the State's K-12 education system.

2 We believe that assigning these duties to an  
3 appointed person would have the effect of disenfranchising  
4 the public from the public policy making process.

5 Next is the proposed elimination of county offices  
6 and boards of education, and the creation of a regional K-12  
7 governance structure. PTA believes that county offices of  
8 education, as established by the State Constitution, have an  
9 important and appropriate role in providing services and  
10 oversight for school districts.

11 County boards of education also serve as a conduit  
12 for public input at the local level.

13 PTA supports an education system that provides the  
14 most comprehensive and diversified education possible for  
15 all children.

16 We're greatly concerned about implementation of  
17 proposals in the CPR review regarding high school graduation  
18 requirements that could lead to the tracking of students  
19 into either a career tech, or a college admission track, to  
20 the detriment of a well-rounded and diverse education that  
21 includes, among other courses, visual and performing arts.

22 And finally, we tend to be supportive of proposals  
23 to change the age of admission to kindergarten. We are  
24 concerned that the proposal before this Commission is  
25 primarily to achieve savings to the State General Fund.

1 PTA believes that any cost savings incurred by the  
2 change in the age of admission to kindergarten should be  
3 used for the expansion of quality, developmentally  
4 appropriate preschool programs for those children whose  
5 birthdates fall between September 1 and December 2.

6 Thank you very much for this opportunity to  
7 comment.

8 COMMISSION CO-CHAIRPERSON KOZBERG: Thank you.

9 Joe Massey.

10 MR. MASSEY: Good morning. I represent the  
11 Coalition of Independent Recyclers, which is a group of  
12 small, family-owned, mom and pop recycling organizations  
13 throughout the State.

14 I'm here to comment on the proposed change to  
15 create a Division of Pollution Prevention, Recycling, and  
16 Waste Management.

17 I have brought copies of more thorough comments,  
18 that I'll leave. But to summarize, we have inconsistent  
19 State policy on recycling. Basically, it is through a  
20 confusion of the definition of waste. And I realize that's  
21 a legislative problem, but I believe that this group, in  
22 their recommendations, can request the administration to  
23 take a leadership role by separating recycling from any  
24 agencies that deal with waste. It does not make sense that  
25 something that can be reused and reconstituted into a new,

1 useful product is treated the same as something that has to  
2 be landfilled or disposed.

3 With that, I will just leave my comments.

4 COMMISSION CO-CHAIRPERSON KOZBERG: Thank you.

5 Bob Caustin.

6 MR. CAUSTIN: Bob Caustin, I represent Defend the  
7 Bay, and I'm the Executive Director of Defend the Bay. And  
8 I'm here, representing not only our group, but having been  
9 on a conference call last Friday with a number of  
10 environmentalists from across the State, they'd like to  
11 express their sadness that they could not be here.

12 All of us, without exception, would like to ask  
13 you to extend this and open up public comment, truly open it  
14 up to the public. Yes, it's okay to have a meeting with  
15 many people that are special interests, and I don't consider  
16 businesses that are supporting people, paying them well to  
17 be here to give comment, and in other locations, and those  
18 that have written letters, the public. But the public are  
19 the people that actually drink the water en masse. Those  
20 are the ones that find it hard to be here at ten, eleven,  
21 twelve o'clock to make comments. We'd like to ask you to  
22 open it up and keep it open.

23 There's a lot of problems with the CPR. In less  
24 than a year there's going to be slashing and hacking at  
25 things that have been in existence for decades. Change is

1 good. However, in this case change would be a travesty.

2 And I'll give you one example, the Regional Water  
3 Quality Control Boards. Anybody that knows me, realizes  
4 that I've been toe to toe with the executive director, the  
5 staff, and many of the appointed directors for years. I  
6 have not seen eye to eye on many, many issues. And the  
7 proposal to wipe them out might, by some people, be thought  
8 of as a boon to me. Well, no.

9 We oftentimes are able to come to an agreement.  
10 They are also able to see that I have issues that are real  
11 and they are able to be here and listen to, locally. They  
12 have background and local knowledge.

13 The Executive Director of the Regional Water  
14 Quality Control Board, and I, are able to speak and work  
15 things out. Not always agreeing. Mostly, we disagree.

16 In fact, my wife had often said that the only way  
17 I get my heart rate up is by going to those meetings, as an  
18 alternative to exercise, perhaps.

19 The issue of taking them away and up to  
20 Sacramento, where we cannot have this interaction, where  
21 we're going to lose this local knowledge, is going to wipe  
22 out the potential to protect the water quality. Especially  
23 if you have these people that are then going to be in charge  
24 of water quality being appointed by the Governor, without  
25 recourse, as far as the public being able to testify -- one

1 minute noted -- the public being able to testify and,  
2 perhaps, have some Regional Board members, that are  
3 appointed, pulled. We, in fact, were successful in doing  
4 that.

5 I'd ask that you continue to have this open and  
6 continue to keep this public process open, and truly bring  
7 the public here. Those are the individuals that drink the  
8 water, and try to fish in the streams, and have to eat the  
9 fish.

10 Again, the comments you've received en masse, and  
11 in beautiful writings by lobbyists, and people that are paid  
12 for by industry is not the public. That's special interest.

13 I'd like to have you listen, please, to the  
14 public, also. Thank you.

15 COMMISSION CO-CHAIRPERSON KOZBERG: Thank you.

16 Mey Rafiei. And I apologize if I'm not  
17 pronouncing that correctly.

18 MS. RAFIEI: That was close enough, thank you.

19 Hi, my name is Mey, and I believe the government  
20 should maintain a neutral policy when it comes to software  
21 purchases in order to maximize the university of options for  
22 government officers, allowing them to find and employ the  
23 best, most cost effective solutions for the given need.

24 Not only do such policies make state-delivered  
25 services the best that they can be, they also maintain



1 competition in the information technology industry.

2 Thank you for your time.

3 COMMISSION CO-CHAIRPERSON KOZBERG: Thank you.

4 Before Liz Doyle comes up, we're next going to  
5 hear from Fritz Mehrtens, Roland Boucher, and Fred Walton.  
6 Please come forward.

7 Liz.

8 MS. DOYLE: Hi, I'm Liz Doyle, here representing  
9 the California Labor Federation, AFL-CIO. We represent  
10 about two million union members here, in California, and  
11 have given testimony in some of the prior hearings,  
12 particularly around issues related to the development of the  
13 proposed Labor and Economic Development Department.

14 But I just wanted to take a moment to comment on a  
15 couple of sort of broader issues, concerns we have about the  
16 CPR process and content.

17 We feel that the CPR process has not met up to  
18 some of the goals that it was trying to achieve. For  
19 example, as was mentioned earlier, the CPR process was  
20 intended to engage a pretty broad group of stakeholders in  
21 developing the recommendations that went into the final  
22 document. We're concerned that that group of stakeholders  
23 was not broad enough, that there was not enough public input  
24 from people, such as the State employees, who do a lot of  
25 the jobs that are recommended to be outsourced, to be

1 changed under the CPR recommendations.

2 We would call on the Commission to support the  
3 idea of making more public the process by which these  
4 recommendations were developed, the meetings that happened  
5 in order to come up with these proposals. We think it would  
6 be a more open and transparent process if we had more of  
7 that information available to the public.

8 Secondly, you know, the CPR's stated goal is to  
9 make State government here, in California, more efficient  
10 and more accountable, and our concern is that throughout the  
11 CPR recommendations there's a thread of shifting a lot of  
12 public oversight over a lot of State processes into  
13 unelected officials. And our concern is, as a whole, this  
14 is not something that's going to make the State government  
15 in California more accountable but, instead, would make it  
16 less so.

17 And finally, we just wanted to mention, as well,  
18 that the CPR has stated that its recommendations would save  
19 \$34 billion for the State of California. As numerous people  
20 have mentioned, including the LAO, a lot of these numbers  
21 are pretty speculative. Eight billion dollars in savings  
22 from the federal government, always something we try to  
23 achieve but, year after year, in the budget process it  
24 proves to be pretty difficult.

25 Three billion dollars in savings from a State work

1 force plan that's almost entirely unspecified.

2 And so we really would question whether we can  
3 make good public policy decisions based on some speculative  
4 figures about savings for the State of California.

5 So we think the goals that were outlined for the  
6 CPR process are laudable, making the State run more  
7 efficiently, more accountable, but we feel, overall, the CPR  
8 process has moved in the opposite direction. Thanks.

9 COMMISSION CO-CHAIRPERSON KOZBERG: Thank you.

10 Fritz Mehrtens.

11 MR. MEHRTENS: Good morning, I'm Fritz Mehrtens, I  
12 live in Irvine.

13 My comment has to do with the entire CPR review.  
14 My review of the recommendations indicates to me that the  
15 review teams may have stopped one step short of really  
16 reforming California government. And I say that because my  
17 review indicates that in very few cases did the team  
18 actually get into the level on strategy with regard to  
19 public programs.

20 Let me illustrate what I mean by strategy, so  
21 you'll understand where I'm coming from. One of the  
22 recommendations has to do with the DMV and suggests that we  
23 might change the current policy to renew vehicle license  
24 plates every other year, as opposed to every year, thus  
25 reducing the administrative burden on the DMV.

1           My point is that there's no evidence that the team  
2 looked at the underlying strategies for accomplishing the  
3 purposes that licensing, or renewal of licensing might  
4 accomplish. One, of course, is revenue gathering, which in  
5 my mind could better be done at the gasoline pump.

6           Another is labeling vehicles which, of course,  
7 could be done with a decal that doesn't have to be renewed  
8 at all.

9           Third, we need to look at insurance renewal to  
10 make sure that financial liability is maintained by  
11 motorists. That can be done in a separate correspondence  
12 over the internet, with people who own motor vehicles.

13           Now, don't fixate on the specifics of those three  
14 proposals, whether you agree with those or not. The point  
15 is that I see very little evidence in the report that the  
16 strategy for conducting public business was looked at. And  
17 to the extent that that's true, I think it's important that  
18 that underlying strategy be examined as part of an ongoing  
19 reform effort.

20           Now, I know you're about to finish up your work  
21 and hand off to the Governor, and so the question is, well,  
22 what do you want us to do? I think you should include, in  
23 your recommendations to the Governor, a recommendation that  
24 strategy be part -- a review of strategy for each agency and  
25 each program be part of his first efforts to reform

1 California government. Thank you for your time.

2 COMMISSION CO-CHAIRPERSON KOZBERG: Thank you.

3 Roland Boucher.

4 MR. BOUCHER: Good morning. I see I recognize two  
5 faces, Patricia Bates, how are you, and Joel Fox.

6 I come here to represent the taxpayers. I'm  
7 Chairman of the United Californians for Tax Reform. I have  
8 some very simple recommendations for this Committee.

9 First, simplify the tax form. Three-quarters of  
10 us, in California, don't itemize our deductions, yet less  
11 than 16 percent of us can use the short tax form. I had  
12 introduced with Pat, and others, three bills up there to  
13 change that, and it's starting to happen. Let's finish the  
14 job and stop cutting down trees to make 65-page documents,  
15 when a five-page document will do, and a postcard for your  
16 tax form.

17 Reduce government holidays. Government employees  
18 now have 12 holidays off, how about five or six, like the  
19 rest of us.

20 Reduce healthcare benefits to retirees. We paid  
21 their salary, the rest of us get along on Medicare. Once a  
22 person goes on Medicare -- oh, I just recognized another  
23 gentleman there. Once a person goes on Medicare, he doesn't  
24 need support from the State of California anymore, so let's  
25 stop it.

1           Reduce government pensions. My social security  
2 pension is calculated on a 35-year average income. Yet,  
3 California defined benefit plans take the last year into  
4 account. Number one, it doesn't make it 35 years, like my  
5 social security does, and let's transition over to a defined  
6 contribution plan so a person doesn't feel trapped in a  
7 government job, if he doesn't want one anymore, and he can  
8 go out and get a real job.

9           Reduce tax expenditures. The average tax paid by  
10 the citizens of California, up to \$100,000, is less than two  
11 percent. It sounds strange when at \$38,000 you're in a 9.3  
12 percent tax bracket. The reason, of course, is over \$20  
13 billion worth of tax loopholes, credits, exemptions, and so  
14 forth. Let's clean up this mess.

15          Freezing the budget. John Moorlock make a great  
16 suggestion, what's wrong with a budget freeze that says it's  
17 the average of the last five years collected. Who cares  
18 what you did to collect it, you collected it, you're  
19 probably going to keep collecting it, use that number and  
20 you won't run out of money.

21          There's items on the tax form to check off to have  
22 nonprofit organizations get money from the taxpayers, if  
23 they choose to donate. I notice that none of these are tax  
24 fighters. How about United Californians for Tax Reform,  
25 Howard Jarvis Taxpayer Association, and others get like half

1 of those checkoff numbers, so we can get some money to fight  
2 back. After all, the taxpayers are the most likely to be  
3 interested in what we have to say.

4 The last thing I have to say is that back fill of  
5 the car tax. Now, that's an abortion. The car tax should  
6 have never been above one percent because to do so would  
7 violate the Constitution of the State of California. And  
8 I've written to you many times on this subject. Okay. Now,  
9 when you rebate back more than one percent, you're not only  
10 violating the Constitution, you're encouraging cities and  
11 counties to have more cars around.

12 COMMISSION CO-CHAIRPERSON KOZBERG: You're going  
13 to have to wrap up.

14 MR. BOUCHER: I'll wrap up by saying this, if you  
15 rebated more of their property tax, maybe they'd have more  
16 houses around, which would be a much more valuable thing to  
17 do. Thank you very much.

18 COMMISSION CO-CHAIRPERSON KOZBERG: Thank you.

19 Before Fred comes up, we're going to hear next  
20 from Bob Wolf, Terry Tracy, Jon Hamm, and Janet Linsalato.

21 Fred Walton.

22 MR. WALTON: Good morning. Madam Chairman,  
23 Commission members, ladies and gentlemen, I'm Fred Walton,  
24 the State Commander of the American Legion, the world's  
25 largest veteran's organization and getting stronger.

1           We sincerely thank you for your time, your  
2 expertise and professionalism that you have exhibited  
3 throughout California so far. And we're sure that after you  
4 hear all the things coming forth about the Veteran's Board,  
5 you will vote to retain it, and we thank you for that.

6           California has 2.8 million veterans. That's a lot  
7 of veterans, more than other states have. So we're proud of  
8 our veterans.

9           Your crucial decision in retention of the Cal Vet  
10 Board is extremely important in providing our veterans due  
11 process in handling their appeals, their decisions, and  
12 offers a fair response.

13           While our veteran athletes win medals, and receive  
14 cheers, praises, TV appearances, and even White House  
15 visits, our young military sons and daughters are  
16 volunteering to preserve freedom and democracy around the  
17 world. They're giving their lives, their arms, their legs,  
18 and their eyes, and their future for our country, and they  
19 deserve nothing less than our first class help, medical  
20 care, and praise. We must never turn our back on them.  
21 They're too important to our future generations.

22           Our senior veterans need the veteran's homes that  
23 have been approved because many of them have nothing else to  
24 turn to.

25           You know, a mere cost to the Veteran's Board is



1 about \$16,000 for the seven Board Commissioners. Where  
2 could you get a deal like that?

3 Please join the California Veteran's organizations  
4 in helping provide support and oversight for our veterans by  
5 retaining the California Vet Board.

6 Thank you for the important job that you're doing  
7 throughout this State. God bless each of you and God bless  
8 America. Thank you.

9 COMMISSION CO-CHAIRPERSON KOZBERG: Thank you.

10 Bob Wolf.

11 MR. WOLF: Thank you for the opportunity to speak.  
12 I have the honor and privilege of being the President of CDF  
13 Firefighters Local 2881. Our organization represents 5,900  
14 men and women who work for the California Department of  
15 Forestry and Fire Protection.

16 These men and women are on the front lines every  
17 day, protecting the citizens of California and, as I speak  
18 today, are staffing fire engines, paramedic vehicles, and  
19 aircraft throughout California.

20 Our agency responds to over 300,000 emergencies of  
21 all types every year.

22 I'm here today to address the CPR's recommendation  
23 and proposal to create a Department of Public Safety and  
24 Homeland Security. While the work was innovative and was  
25 intriguing, we believe it was too broad.

1           We appreciate the time and effort taken by  
2 Mr. Gutierrez, and his staff at CPR, for being willing to  
3 meet with us numerous times to hear our opinion, and listen  
4 to our ideas, and give us recommendations.

5           What we think will happen, and what we'd like to  
6 see the Commission consider, is to do a reduced version by  
7 creating an Office of Public Safety, which would include a  
8 Department of Highway Patrol. The Department of Highway  
9 Patrol would include the Department of Homeland Security,  
10 Office of Traffic Safety, and the law enforcement  
11 coordination of the Office of Emergency Services, putting  
12 law enforcement officers' coordination with the Law  
13 Enforcement Agency.

14           We also believe that a Department of Fire should  
15 be created, to be known as Cal Fire, which would include the  
16 firefighting functions of the California Department of  
17 Forestry and Fire Protection, as well as the fire and  
18 emergency disaster preparedness, coordination, and response  
19 of the Office of Emergency Services.

20           It is our opinion that this reduced proposal will  
21 be achievable, it will be easier to accomplish, it will  
22 actually present the citizens of California an agency that  
23 will be faster, leaner, more responsive, and certainly more  
24 cost effective. And we believe it will be easier to achieve  
25 through the legislative process because there will be less

1 laws to change.

2           These are two agencies, along with OES, that work  
3 together every single day, are working together today on  
4 highways and emergencies throughout the State.

5           We have presented our proposal to Mr. Gutierrez  
6 and his staff, also to Mr. Minor, in the Governor's office.  
7 We believe it's achievable, we can support it.

8           However, we don't believe we can support the  
9 original proposal, as it is. We remain committed to working  
10 with you, and the Governor's office, to achieve a goal of  
11 better public safety for the citizens of California. Thank  
12 you.

13           COMMISSION CO-CHAIRPERSON KOZBERG: Thank you.

14           Terry Tracy.

15           Terry, have you addressed us before?

16           MR. TRACY: In Fresno, ma'am.

17           COMMISSION CO-CHAIRPERSON KOZBERG: Okay.

18           MR. TRACY: Madam Chairman, members of the CPR  
19 Commission, I'd like to just -- I'm not going to beat you up  
20 this time.

21           I'd just like to inform you that along with the  
22 American Legion having a resolution opposing the dissolution  
23 of the Cal Vet Board, there are some other service  
24 organizations that have come on board. The California State  
25 Commander's Veterans Council, in full session, on October

1 16th. And then I'll list these people, American Veterans of  
2 World War II, Korea, and Vietnam, the Jewish War Veterans,  
3 the Marine Corps League, the Military Order of the Purple  
4 Heart, the Veterans of Foreign Wars, the California Council  
5 of the Military Officers Association of America, the Armed  
6 Forces Retirees, the California Association of County  
7 Veterans Service Officers, the Reserve Officers Association,  
8 the Fleet Reserve Association, the Paralyzed Veterans of  
9 American, the Vietnam Veterans of America, the National  
10 Association of Uniform Services, the Retired Enlisted  
11 Association, and the Association of the United States Army  
12 all come on board opposing. That membership is  
13 representative of about 500,000 veterans.

14 Thank you for your time.

15 COMMISSION CO-CHAIRPERSON KOZBERG: Thank you,  
16 Terry.

17 Jon Hamm.

18 MR. HAMM: Yes, I'm Jon Hamm. I represent the  
19 California Association of Highway Patrolmen, we have 7,000  
20 CHP officers statewide.

21 We have had an opportunity to review the CPR  
22 proposal. We've had an opportunity to meet with staff,  
23 we've made some recommendations. We did not see those  
24 recommendations fully implemented in the CPR report.

25 We are very interested in the possibility of the

1 CDF proposal, to make a CDF, CHP, Department of Public  
2 Safety. We'd like to review it, but we won't have that  
3 opportunity, seeing as this is the last hearing.

4 We would like to see that any considerations for a  
5 Department of Public Safety consider the impact on the  
6 people of the State. There are serious ramifications of the  
7 CPR proposal on our membership, but also on the security of  
8 this State.

9 We would oppose the proposal that's before you,  
10 but we could consider what CDF has put together as a  
11 Department of Public Safety. Thank you.

12 COMMISSION CO-CHAIRPERSON KOZBERG: Thank you.

13 And before Janet comes up, we'll next hear from  
14 Ruby Dye, Shirley Carter, and Victor Trammell.

15 MS. LINSALATO: Good afternoon. My name is Janet  
16 Linsalato, and I'm a parent and a county employee, who  
17 relies on the child support program.

18 I, and my family, would be doubly harmed if the  
19 CPR recommendations regarding child support move forward.  
20 I, and so many parents like me, strongly oppose the  
21 recommendation to privatize child support. We need locally  
22 controlled, accountable child support services.

23 These proposals would greatly harm the families  
24 who rely on child support services to buy food, pay the  
25 rent, afford child care, and have health insurance.

1           These proposals would eliminate accountability,  
2   increase cost, decrease access to services, decrease  
3   performance, and make the child support system much more  
4   complicated. We need support and investment for the child  
5   support system in California. We do not need to dismantle  
6   and destroy it for the profit of a few companies.

7           Who's more important, children or corporations,  
8   family stability or higher profit margins, local control or  
9   disengaged State control, public accountability or no  
10   accountability? If you answer these questions honestly, you  
11   will determine that privatizing child support is bad for  
12   California.

13           Instead, we urge you to invest further in our  
14   children by investing more in child support. Thank you.

15           COMMISSION CO-CHAIRPERSON KOZBERG: Thank you.  
16           Ruby Dye.

17           MS. DYE: Good morning, my name is Ruby Dye. I'm  
18   an Eligibility Supervisor for the Los Angeles County  
19   Department of Public Social Services. Eligibility being  
20   contracted out would not benefit our participants within our  
21   county, or of the State. I do a very good job and I think  
22   all of my peers do. I think if we contract out part of our  
23   services to someone, our participants would be harmed. They  
24   would be harmed because they would not be able to walk into  
25   the area to see who we are.

1           Contracting out to benefit a corporation does not  
2   help the participants that we serve. We serve people that  
3   are in need, and the majority of the time, when they come  
4   in, we discuss things with them on how they can better  
5   benefit from the services that we provide.

6           For instance, we provide counseling for them  
7   through other avenues.

8           However, if you decide to go with a private  
9   contractor, who may be based somewhere else, it will not  
10   benefit them. All they would be able to do is talk on the  
11   telephone with someone.

12           COMMISSION CO-CHAIRPERSON KOZBERG: Thank you.

13           Shirley Carter?

14           Victor Trammell?

15           MR. TRAMMELL: Good afternoon. My name is  
16   Victor Trammell, and I have been a dedicated Child Support  
17   Officer for over 14 years in L.A. County. And I am here  
18   today on behalf of my fellow co-workers, and the families we  
19   serve, to speak against the recommendations to remove County  
20   Child Support Departments as the administrator of the  
21   program.

22           We also strongly oppose the proposal to privatize  
23   child support services and the dismantling of a system that  
24   works.

25           Improvement in performance and efficiency can only

1 be gained after all stakeholders engage in a process to  
2 develop ways to increase cost effectiveness, customer  
3 service, and performance.

4 Clearly, the CPR recommendations were not made by  
5 stakeholders, but business interests, and individuals who  
6 believe that all government services should be privatized,  
7 because of ideology.

8 (Applause.)

9 MR. TRAMMELL: Even more important, the key to  
10 improving performance is creating a fair and equitable  
11 allocation methodology. Funding or allocation per case is  
12 the single most important predictor of success for meeting  
13 and exceeding federal performance measures, which have the  
14 greatest impact on children and families.

15 The manner in which the State's funding for child  
16 support has been allocated is based upon historical and  
17 expenditure trends, which have proven to be inequitable to  
18 counties bearing the largest case loads within the State.

19 L.A. County Child Support is severely underfunded  
20 and does not enjoy the same level of funding per case that  
21 most other counties do.

22 For instance, the State has allocated L.A. County  
23 a mere \$296 per case, compared to \$521 per case for Orange  
24 County, and \$1,202 per case for Marin.

25 In order to improve performance, the State should



1 increase the allocation of underfunded counties. This does  
2 not have to cost the State a penny, because every dollar the  
3 State puts in is matched by two federal dollars. Also,  
4 every dollar collected on foster and welfare cases goes back  
5 to the State. The investment pays for itself. Thank you.

6 (Applause.)

7 COMMISSION CO-CHAIRPERSON KOZBERG: Thank you.

8 Is Shirley Carter here? Shirley Carter? If not,  
9 that concludes public testimony. Thank you.

10 We're now going to ask Chon Gutierrez and the CPR  
11 Team to come forward. After being with us at all of the  
12 other seven hearings, we'd like to have Chon share with us  
13 what the public testimony, the impact of that has on his  
14 initial CPR report.

15 CO-EXECUTIVE DIRECTOR GUTIERREZ: Thank you, Madam  
16 Chair, Mr. Co-Chair, Members. It's indeed a privilege to be  
17 here with you today. We all started together in Riverside,  
18 in 110 degree temperature, and here we are in Irvine on a  
19 blustery and rainy day.

20 Your commitment to the process has been  
21 extraordinary. You've been there through all the hearings.  
22 With today's technology and today's tools, we could have  
23 easily put up an internet website and encouraged people to  
24 submit their comments in that fashion. Which, of course, we  
25 did. But in addition to that, you held eight hearings

1 statewide. Your staff did an admirable job in coordinating  
2 them.

3           It's historic in nature, I suspect. I've been in  
4 government a long time and I can't really remember another  
5 experience, such as this, where such an impressive group of  
6 people, representing local government, the private sector,  
7 and State government have come together, really, to listen  
8 to the people and to get their comments.

9           And I commend you for that, and I thank you for  
10 that, and I feel privileged to be part of that process.

11           Public input is really very critical at this stage  
12 of the game. I might characterize where we are as the  
13 beginning. We, the CPR team of, as the Chairman said, some  
14 275 State employees, worked on the ideas contained in our  
15 report to the Governor, some 1,300 recommendations.

16           We did that using a methodology that perfected, I  
17 guess, and maybe perfected isn't the right word, but  
18 developed by Billy Hamilton, who conducted 12 of these  
19 studies. We applied it to California. And it certainly is  
20 a bit controversial. We've heard much about that  
21 methodology. Billy's methodology was one of reaching out to  
22 the public.

23           First of all, let me just say this, Billy's  
24 methodology had been used both at the federal level, and in  
25 Texas, and a number of other -- a couple of other, smaller

1 states. And in Texas, at least, the CPR reported to the  
2 Speaker and the Pro Tem of the Legislature. So there was a  
3 different kind of relationship than we have here with the  
4 Administration.

5 And so his methodology focused on ongoing  
6 conversations with those two individuals as his staff began  
7 to explore a lot of the ideas. It always was understood by  
8 everyone, because it's part of the legislative process, that  
9 there would be hearings associated with every one of those  
10 ideas. There would be legislative hearings, the normal  
11 legislative process would run its course.

12 A lot of people have reacted to the CPR report as  
13 if it was the end, as if it was all over, as if these  
14 decisions were now final and were not subject to any  
15 consideration or any change, and that's simply not the case.  
16 This is simply the time where we put forth, to the Governor,  
17 a series of ideas, and he's asked you to listen to the  
18 people and give him your learned experience and comments on  
19 the process, and then he will make judgments as to whether  
20 or not he wants to subject all or some of these ideas to the  
21 legislative review process. That involves hearings, that  
22 involves debate, that involves a vote at the end of the day  
23 by the individuals who represent the people of California.

24 So this is a very important stage. We have taken  
25 the comments, you did a very nice job in producing this

1 report, it consolidates all of the input from the public.  
2 We are taking that report and learning from it. We are  
3 learning from the dialogue that you had with your panels,  
4 the questions that you asked, and we are applying all of  
5 that learning that we picked up to our recommendations. And  
6 we, too, hope to reconsider a number of areas that are based  
7 upon either factual information that was not available to us  
8 at the time that we put the report together, or based upon  
9 perspectives that have been shared with you, here.

10 We're not at the point where we can give you a  
11 specific listing of exactly which areas we are looking to  
12 reconsider, but we are looking at some 30 areas that we  
13 believe require review.

14 I thought it might be worthwhile if I were to ask  
15 Chris Reynolds, who was the Team Leader of the Resources  
16 area team, to comment a little bit and share with you a  
17 little bit the process that he used to get the ideas, and  
18 how he worked with them in the end, how they ended up in the  
19 book.

20 So Chris, can you do a couple minutes on that,  
21 please?

22 TEAM LEADER REYNOLDS: Sure, I'll try to be very  
23 brief. Chon touched on a lot of the things that I'll  
24 mention, but I did want to let you know that we started the  
25 CPR process, and very early in the process we brought in

1 Agency Secretaries, and they were involved. And it was so  
2 early in the process that we were still in the stage of  
3 formulating what are called issue dockets, the various  
4 issues that we would look at, and so there was a lot of  
5 uncertainty about what we would press ahead with.

6 But we wanted to give members of the Cabinet an  
7 opportunity to look at the model and to look at the specific  
8 issues that we were considering engaging, and see whether  
9 they had any recommendations for us.

10 We did conduct 1,800 face-to-face interviews with  
11 people. We did hear from 10,000 members of the public,  
12 either from a telephone conversation, through an e-mail, or  
13 a letter, or from a drop-by. We did meet with recognized  
14 stakeholders.

15 But I am not going to tell the Commission that we  
16 had an opportunity to talk with everyone. And I don't mean  
17 to diminish, demean, dismiss, or even contradict, in a lot  
18 of respects, the concerns that have been voiced about you  
19 didn't have a chance to talk to us, specifically, because we  
20 simply did not have the time or the resources to do that  
21 work.

22 And I also wanted to let people know that after we  
23 were done conducting those face-to-face interviews CPR was,  
24 in a lot of respects, inward looking. We did a lot of  
25 interviews with State employees, because the State employees

1 are the ones who are on the front lines of delivering  
2 services, and we needed to know how the back office function  
3 worked, how the interface with the public was handled. But  
4 we also needed to know from external stakeholders what their  
5 perception of service was. Was the service being delivered  
6 efficiently, were they being adequately recognized, and so  
7 on and so forth.

8           So we went to great lengths, I believe, to try to  
9 include that perspective, both the internal and the external  
10 perspective in the analysis that we did. But we didn't have  
11 an opportunity to talk to everyone.

12           And I think that, on the whole, if you were to ask  
13 people, aside from their issues with the process, whether  
14 the issue papers are balanced, I think that generally  
15 speaking people would say that, well, although I didn't have  
16 an opportunity to have input directly into this paper, in  
17 most respects that viewpoint is reflected.

18           So I think the issue papers do present, it's not  
19 exhaustive, admittedly, but that it does present a balanced  
20 view of the issue so that policymakers would have a basis to  
21 see why we arrived at the recommendations that we did.

22           Someone said, as well, that they hoped that the  
23 process remains open, and I'm going to hearken back to what  
24 Chon said, this is the beginning. What CPR, from my  
25 personal perspective, I hope CPR accomplished was that we

1 put the issues out there, that now there's an opportunity to  
2 consider those issues.

3 And we've had the benefit of the LAO analysis,  
4 we've had the benefit of the Commission hearings, we've had  
5 the benefit of a lot of additional public input. CPR has  
6 continued to gather input from people.

7 So this is the beginning. And in a lot of  
8 respects, as Chon said, this is unprecedented. In the years  
9 that I've served in State government, I don't believe I've  
10 ever seen a Governor take a legislative proposal, which in a  
11 lot of respects you consider these issue papers legislative  
12 proposals, or budget proposals, or a reorganization plan,  
13 and give it to the public and say, tell me what you think  
14 before I introduce it into a whole other public process  
15 that's going to take place hereafter.

16 So I think, from the perspective of trying to  
17 gather public input, exposing the process to the public, and  
18 to being open, and to inviting people to be critical or to  
19 be supportive of these recommendations, the Governor has  
20 gone above and beyond what Governors in the past have  
21 traditionally done.

22 CO-EXECUTIVE DIRECTOR GUTIERREZ: Madam Chair, Bob  
23 Martinez, who is right there, is our second Team Leader, the  
24 three of us stand ready to assist you in your deliberations.

25 COMMISSION CO-CHAIRPERSON KOZBERG: Thank you.

1 Are there questions for Chon? J.J.?

2 COMMISSIONER JELINCIC: Chon, you said we had  
3 comments to our recommendations, you don't know what areas,  
4 yet, you're going to reconsider. Who's we?

5 CO-EXECUTIVE DIRECTOR GUTIERREZ: We have put  
6 together a small staff of CPR members, who are trying to  
7 pick up as much information as humanly possible from the  
8 internet and from this Commission, and we're going to put  
9 together these documents that we're going to present to the  
10 Governor, at the appropriate time, so that he can make  
11 decisions about these issues.

12 COMMISSIONER JELINCIC: Who's we? Is that the  
13 three of you or is it the CPR staff?

14 CO-EXECUTIVE DIRECTOR GUTIERREZ: Yeah, I thought  
15 I answered that. There are about 30 of us that are at CPR  
16 right now.

17 COMMISSIONER JELINCIC: Thank you.

18 COMMISSION CO-CHAIRPERSON KOZBERG: Thank you.  
19 I'd also, Chon, which you didn't mention, is all of the  
20 Agency Secretaries are, themselves, reviewing the CPR  
21 recommendations, and will come forward as well.

22 CO-EXECUTIVE DIRECTOR GUTIERREZ: That's  
23 absolutely correct. We're digressing a little bit into the  
24 Governor's process, which most of you know very well. This  
25 is the time of the year where the Governor is setting his



1 policy for next year. He's deliberating on the budget, he's  
2 deliberating on legislative proposals, a lot of information  
3 is coming to him. And this year it's complicated or  
4 enhanced, however you want to look at it, by the fact that  
5 CPR is part of the overall decision making process.

6 And so our role is simply to try to bring together  
7 all the input from the Cabinet Secretaries, and we have  
8 continued to receive public input since the Commission  
9 closed their timetable on the 30th of September. Department  
10 Directors have given us input. Bob Wolf continues to come  
11 by and visit with us on the new reorganization proposal that  
12 he has.

13 So there's continuing work and all that needs to  
14 be managed and brought together, and presented to the  
15 Governor for his decision.

16 COMMISSION CO-CHAIRPERSON KOZBERG: Thank you.  
17 Pat Bates, and then Pat Dando, and then Pete Taylor.

18 COMMISSIONER BATES: Thank you, Chon. I just want  
19 to compliment you and your staff for what I consider to be  
20 an incredible job, having served in the Legislature not as  
21 long as my colleague, Senator Brulte, but the experience  
22 there is one of continually refining and vetting the  
23 process, and I see that as certainly part of the plan as we  
24 go forward.

25 What has been very impressive to me is the number

1 of people who have come forward and said we don't like that,  
2 but we like a part of that, and we'd like to see you go in  
3 this direction. And this morning we heard that from CDF and  
4 the Highway Patrol.

5           How will that information be digested, refined,  
6 and then brought forth, because I see that's where the  
7 legislative process might kick in, as we begin -- or they  
8 all begin, because I'm termed out, the new legislative  
9 session, and probably a very constructive part of the next  
10 phase of this.

11           CO-EXECUTIVE DIRECTOR GUTIERREZ: Thank you very  
12 much for your kind words. We are developing a mechanical  
13 process to try and facilitate the dialogue that you have  
14 suggested. We are taking our 1,300 ideas, and we put them  
15 on a software program and we coded them. And then, as we  
16 started to get input from the public, as we got input from  
17 the Agency Secretaries and Department Directors, we're  
18 coding their reactions to these 1,300 ideas.

19           We are waiting for your input, because we want to  
20 factor that in, not just from a pure management perspective.  
21 And we're going to sort them into three basic categories.  
22 We're going to sort them into those where there is agreement  
23 on the issues. Most of these are administrative in nature.

24           Some of you Commissioners have commented on that  
25 process, and maybe we stole it from you. But where there is

1 uniformity and agreement on administrative actions, we will  
2 treat those similarly to a consent calendar.

3 We will look at another group that requires  
4 modification, exactly as you described, that say this is a  
5 good idea but if you made this modification and this  
6 modification, it would be a great idea. So we're tracking  
7 those separately.

8 And there's another group where, quite frankly,  
9 the opposition is so strong at this point, or the  
10 recommendation that we're making is so conceptual in nature  
11 at this point, that we are deferring it for another time.

12 And so we're going to set up little decision  
13 agendas like that, and we're going to sit down with Agency  
14 Secretaries, and the Cabinet Secretaries, and they will  
15 review our input and they'll give us the appropriate  
16 guidance. How it actually gets presented to the Governor is  
17 more of an internal issue that the Chief of Staff and the  
18 Cabinet Secretary will work on. But we want to give them  
19 the tools to incorporate exactly what you said.

20 COMMISSION CO-CHAIRPERSON KOZBERG: Thank you.  
21 Pete Taylor.

22 COMMISSIONER TAYLOR: Chon, we received, earlier  
23 this week, the draft final report, that was a very nice  
24 summary of many of the recommendations, kind of the pros and  
25 cons, and points for consideration. I noticed there were

1 several recommendations, that were included in the big,  
2 2,500-page report, that were not in here, and in the general  
3 government section and the State operations section, in  
4 particular.

5 Are those recommendations where, based upon public  
6 input, they're either consensus calendar items, or maybe  
7 those are recommendations that have been sent back to the  
8 drawing board, or what?

9 CO-EXECUTIVE DIRECTOR GUTIERREZ: I'd have to  
10 defer to --

11 COMMISSION CO-CHAIRPERSON KOZBERG: You know,  
12 Pete, we're going to bring up our team next.

13 COMMISSIONER TAYLOR: Oh, all right.

14 CO-EXECUTIVE DIRECTOR GUTIERREZ: It wasn't our  
15 work.

16 COMMISSIONER TAYLOR: Okay. Well, in that case,  
17 I'll hold that question until later.

18 COMMISSION CO-CHAIRPERSON KOZBERG: Are there any  
19 other questions for Chon?

20 COMMISSION CO-CHAIRPERSON KOZBERG: All right,  
21 thank you very much.

22 CO-EXECUTIVE DIRECTOR GUTIERREZ: Thank you.

23 COMMISSION CO-CHAIRPERSON KOZBERG: It was a  
24 pleasure being on the trail with you.

25 All right, if we can now call up the very talented

1 staff and small staff that assisted the Commission in this  
2 endeavor, who were just outstanding, and I want to  
3 compliment them in their work. I know we got this document,  
4 I believe Monday, and in going through it you can see the  
5 quality and care that they have given to us. Anne Sheehan,  
6 Jan Boel, Andrew Chang, thank you very, very much.

7 Pete, do you want to ask your question here?

8 COMMISSIONER TAYLOR: All right. Sorry, I was a  
9 little premature a second ago. Ann, we received the draft  
10 report, again very good, concise summary of some of the  
11 issues for consideration. Several of the recommendations  
12 from the big report were not included. Are those considered  
13 consensus calendar because there's no controversy, or are  
14 those considered maybe something that needs to be sent back  
15 to the drawing board?

16 EXECUTIVE DIRECTOR SHEEHAN: Right. Before we  
17 answer a specific question, let me have Andrew walk through  
18 the process that we used to put this together, because I  
19 think that will help in terms of understanding how we came  
20 up with this document, and then we can address your specific  
21 question.

22 COMMISSIONER TAYLOR: Okay, thank you.

23 CHIEF DEPUTY DIRECTOR CHANG: Our goal for this  
24 particular report was to basically consolidate all the  
25 comments, both pro and also con, and also some extra

1 thoughts that we had received through the CPR Commission  
2 process.

3           So what we did was we actually culminated the  
4 records that we did gather from written testimony, also e-  
5 mail, and also some of the verbal testimony that we had  
6 here, and our intent was basically to consolidate all of the  
7 thoughts into each one of the different recommendations.

8           The report really is an attempt to get all the  
9 different ideas. The exact wording might differ from person  
10 to person, but the ideas are supposed to be reflected within  
11 this document.

12           Now, we did not receive comments on a number of  
13 different issues and, as a result, we did not include it in  
14 this document.

15           COMMISSIONER TAYLOR: Okay.

16           EXECUTIVE DIRECTOR SHEEHAN: But let me say, we  
17 did receive a number of comments of we like making  
18 government more accountable, we like making it more customer  
19 friendly, you know, using technology so people can go on the  
20 internet and do certain things. And we tried to capture  
21 some of those in the general comments under those sections.  
22 So to the extent we didn't get a comment, necessarily, on  
23 general government one, two, three, or four, in many  
24 comments we did get a flavor from the public of we like the  
25 general area of trying to make government more successful in

1 using, say, technology or some other method to do that.

2 COMMISSIONER TAYLOR: Thank you.

3 DEPUTY DIRECTOR BOEL: If I can just comment, one  
4 other thing, this is still a work in progress. Obviously,  
5 we'll be adding in the public comment from today. We also  
6 have over 75 pages of names of people and organizations that  
7 have added to the process. We've had almost 4,000 different  
8 organizations and people provide testimony.

9 EXECUTIVE DIRECTOR SHEEHAN: Let me make one other  
10 clarification. There may be some boards and commissions who  
11 some of the members came as the board and commission member,  
12 whose comments may be in here. What happened, within the  
13 Governor's office, many of the State agencies, their  
14 comments were routed through the internal review process.  
15 There were a few comments, though, that came separately  
16 through the CPR Commission, so some of those may be  
17 reflected in here. But some State agencies, or boards and  
18 commissions, we tried to capture all of their testimony if  
19 we received it.

20 COMMISSION CO-CHAIRPERSON KOZBERG: Pete, was your  
21 question answered?

22 COMMISSIONER TAYLOR: Yes, thank you.

23 COMMISSION CO-CHAIRPERSON KOZBERG: All right.

24 Any other questions?

25 I'd just like to say thank you, you did a great

1 job, and we're very appreciative.

2 (Applause.)

3 DEPUTY DIRECTOR BOEL: It wasn't us entirely, it  
4 was our staff that's sitting back in the back of the room,  
5 particularly Stephanie Dougherty.

6 COMMISSION CO-CHAIRPERSON HAUCK: Well, they  
7 should stand up, those folks that are here, that were  
8 involved in that, please stand up.

9 (Applause.)

10 DEPUTY DIRECTOR BOEL: They're probably outside,  
11 making sure lunch is getting ready.

12 COMMISSION CO-CHAIRPERSON KOZBERG: Thank you. I  
13 know it was not easy to get the testimony and then prepare  
14 for the subsequential hearings all the way throughout the  
15 State.

16 Our job was to compile the public testimony and to  
17 get as broad an input as we can. But at our meeting in Los  
18 Angeles, the Commission decided that it would try and come  
19 up with a consensus, an accord, an agreement.

20 And so we have put together, from all of the  
21 comments that we received, a Straw Man, which we can begin  
22 to pull apart and see what stands as a consensus document.

23 As you know, you are all invited, and sincerely  
24 invited to give your own ideas to the Governor. And I know  
25 many of you have submitted that, the germ of that to us, so



1 that we have, hopefully, captured your ideas. We may not  
2 have captured all of them and, indeed, some of the comments  
3 came in just yesterday, so we tried to catch as much as we  
4 could.

5 What we're going to do now is to take an hour  
6 break for lunch and to read the Straw Man. There are copies  
7 here for the public, as well.

8 So we are going to adjourn now and come back at  
9 quarter to 1:00.

10 (Thereupon, the luncheon  
11 recess was held off the  
12 record.)

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1                   A F T E R N O O N   S E S S I O N

2                   COMMISSION CO-CHAIRPERSON HAUCK: All right, we  
3 need to get into this discussion. There are, as a practical  
4 matter, for the first point, there are people who need to  
5 catch airplanes this afternoon or get on their way, so we  
6 would like to do this as expeditiously as possible, let's  
7 put it that way. And there also are those of us who have a  
8 very high priority with respect to the Boston/New York game.

9                   (Laughter.)

10                  COMMISSIONER FRATES: That would be Commissioner  
11 Fox.

12                  COMMISSION CO-CHAIRPERSON HAUCK: Secondly, what I  
13 thought we would do here, what we've, as Joanne indicated,  
14 what we've put in front of you is our best effort sort of  
15 jointly, she and I, to develop something that we could at  
16 least have a discussion from.

17                  So what we're proposing is to go through this for  
18 the substance. We're not going to constitute ourselves as a  
19 20-member drafting Committee here. Okay. And that's an  
20 important point to remember. You're going to have to rely  
21 on Joanne and me to reflect the changes that we agree on,  
22 assuming we can come to some agreement on this. In terms of  
23 the wordsmithing, we'll take responsibility for that. And  
24 as authors of books say, we'll make it clear that any  
25 inaccuracies are her fault and my fault, and not yours.

1           And thirdly, the process that I'd like to suggest  
2   that we follow here is an informal one. I really don't want  
3   to get into a Robert's Rules of Order kind of situation. If  
4   we can reach consensus on these things, that's the way we  
5   should do this. If it's clear that it's a close call, we'll  
6   just do a show of hands. No recorded Committee votes,  
7   nothing.

8           At the end of this, anyone who -- any member of  
9   the Commission who either dissents from conclusions that we  
10  came to, or has other counsel that he or she wishes to give  
11  to the Governor and the Governor's office, as we've said  
12  consistently and right from the beginning, every member of  
13  the Commission has the same right, as folks who have  
14  testified, to communicate individually with the Governor's  
15  office and the Governor.

16           So having said that, to begin with at least, does  
17  that sound like a reasonable process to follow? J.J.?

18           COMMISSIONER JELINCIC: Yeah, before we get into  
19  that, the Fair Political Practices Commission, and I've got  
20  a copy of this for everybody, has stated that unpaid members  
21  of boards and commissions, and consultants to State and  
22  local government may also be required to disclose their  
23  personal financial interests if they make or participate in  
24  making government decisions which could affect their private  
25  financial interests.

1           Therefore, I would like to move that this  
2   Commission affirm that the Fair Political Practices  
3   Commission standards apply to the CPR process, recommend  
4   that all individuals or organizations that participated in  
5   the development of the CPR proposals should disclose their  
6   private financial interests through the appropriate FPPC  
7   reporting forms, recommend that the FPPC review these  
8   reports and inform the Governor and the State Legislature of  
9   any cases in which the level of financial interest is  
10   significantly high as to justify disqualifications and urge  
11   the Governor to reject all CPR recommendations tainted by  
12   such conflicts of interests.

13           COMMISSION CO-CHAIRPERSON HAUCK: All right. Is  
14   there a second to the motion?

15           Motion dies for lack of a second, J.J.

16           I would say, also, that this Commission is not  
17   responsible for governmental decision making. Some of us  
18   already have filed form 700s for other reasons, and we're  
19   informed that those forms have been examined by whomever,  
20   and that's what they're there for. So to some extent this  
21   is -- there are people, at least on the Commission, for  
22   other purposes that have already filed those forms.

23           COMMISSIONER JELINCIC: Yeah, I'm not concerned  
24   with just this Commission, I'm concerned with the people who  
25   met with the staff and helped to craft these positions that

1 are coming to us. So it's that broader group that I'm  
2 actually interested in.

3 COMMISSION CO-CHAIRPERSON HAUCK: All right. I  
4 mean, I think that's a matter that if you feel strongly that  
5 that is a matter that needs to be pursued you, of course,  
6 are free to pursue that in your own right. But it's obvious  
7 that the Commission doesn't want to go down that road.

8 COMMISSIONER JELINCIC: Okay.

9 COMMISSION CO-CHAIRPERSON HAUCK: Is there  
10 anything else that you need to do?

11 COMMISSIONER JELINCIC: Not right now.

12 COMMISSION CO-CHAIRPERSON HAUCK: Okay, thanks.

13 Okay, what I'd propose is that we just go through  
14 this in terms of each section, and I guess we'd start with  
15 the introduction. Is there anybody that objects to or has a  
16 problem with at least the introductory language?

17 COMMISSIONER JELINCIC: Oh, yeah.

18 COMMISSION CO-CHAIRPERSON HAUCK: Okay, take it  
19 away, J.J.

20 COMMISSIONER BRULTE: Let me ask a question.  
21 Inherent in your third paragraph, inherent in that is the  
22 assumption that we agree with every recommendation that can  
23 be administratively implemented? Because I don't agree with  
24 all of the --

25 COMMISSION CO-CHAIRPERSON HAUCK: No. I mean, I -

1 -

2 COMMISSIONER BRULTE: As long as that's not an  
3 endorsement of the totality of those recommendations.

4 COMMISSION CO-CHAIRPERSON HAUCK: Right, that's a  
5 good point, Jim, and we should make that clear.

6 Andrew? Oh, there you are. Have you got that?

7 MR. CHANG: Yes, I've got it.

8 COMMISSION CO-CHAIRPERSON HAUCK: Okay, we will  
9 amend that paragraph to make sure that it does not imply  
10 that.

11 J.J.?

12 COMMISSIONER JELINCIC: Yeah, I'm not sure that I  
13 can live with saying that the vast majority of the proposals  
14 should be implemented. I mean, clearly, many of them should  
15 but, you know, the vast majority creates some heartburn for  
16 me.

17 COMMISSION CO-CHAIRPERSON HAUCK: Where are you,  
18 J.J.?

19 COMMISSIONER JELINCIC: Oh, in the second  
20 paragraph.

21 COMMISSION CO-CHAIRPERSON HAUCK: Okay. How about  
22 that the majority of the proposals in the report should be  
23 implemented?

24 COMMISSIONER JELINCIC: Well, I don't know, I'd  
25 have to do a --

1 COMMISSIONER FRATES: Mr. Chair?

2 COMMISSION CO-CHAIRPERSON HAUCK: Yes.

3 COMMISSIONER FRATES: May I suggest that we hold  
4 that part in abeyance, go through and see what there may or  
5 may not be in broad terms. It may be that it resolves  
6 itself that way, rather than to try to thrash out a  
7 percentage or a number right now, right off the bat.

8 I see your point, J.J., and I think it's a valid  
9 point. I'm just suggesting that perhaps, that as we go  
10 through the rest of this document, we're going to get some  
11 sense as to the volume and magnitude and that might address  
12 your concern.

13 COMMISSION CO-CHAIRPERSON HAUCK: Well, I'd rather  
14 not back up on this, if we don't have to. Let's take out  
15 the word "vast," and just say the majority of the proposals  
16 in the report.

17 Russ?

18 COMMISSIONER GOULD: How about a significant  
19 number of the proposals should be, and that way we're not  
20 deciding whether it's 51, 49, or if it's 75/25.

21 COMMISSION CO-CHAIRPERSON HAUCK: Okay.

22 COMMISSIONER WHITESIDE: And I think the issue, as  
23 was stated this morning, is that they were without  
24 controversy. A significant number of them, whether it's a  
25 majority or not, were without controversy and we believe

1 those should move ahead administratively; right?

2 COMMISSION CO-CHAIRPERSON HAUCK: Okay, anything  
3 else in this section?

4 COMMISSIONER DUCHENY: Just to sort of comment on  
5 that same discussion, though, I mean, it seems many of the  
6 administrative recommendations in here don't work if you  
7 haven't done the other things. I mean, I think that's part  
8 of the problem everybody has with dealing with it. Because  
9 some of them are tied to things you would have to reorganize  
10 to get to it, or you would have to make a policy change to  
11 make doing the administrative order make any sense.

12 And so I think it's appropriate to limit it and I  
13 think Jim is right, I think we can't at this point, at  
14 least, certainly, from the Legislature's perspective, none  
15 of us, I don't think, can say that we're prepared to  
16 authorize something like that, as much as they can be done  
17 without us. Many of them, unless you've done a change in  
18 law, that's recommended somewhere else in the report, they  
19 don't kind of go together.

20 So I mean, "a significant number" may solve that  
21 problem.

22 COMMISSION CO-CHAIRPERSON HAUCK: Yeah.

23 COMMISSIONER DUCHENY: And maybe it's the caveat  
24 that somehow in the context of other reorganizations -- or I  
25 don't know how you'd do that. But think about it, in just



1 sort of the comments to the staff as we're trying to write  
2 it.

3 COMMISSION CO-CHAIRPERSON HAUCK: Right, we'll  
4 take that into account.

5 Okay, let's go to the guiding principles. Is  
6 there any comment about that?

7 COMMISSIONER TAYLOR: Where are you, Mr. Chair?

8 COMMISSION CO-CHAIRPERSON HAUCK: Page 2, the  
9 guiding principles.

10 COMMISSIONER TAYLOR: If I may, I liked the list  
11 of guiding principles and, frankly, I think it's most  
12 appropriate to put it right here at the beginning as really  
13 the six, or how many bullet points there are, the six bullet  
14 points that are most important for us to focus on, the whole  
15 rationale for CPR even existing, the whole rationale for  
16 potentially blowing up boxes and moving things around.

17 I would like to hope that we could come to some  
18 consensus around these six. We might tweak with the wording  
19 a little bit but, you know, I think it's important for this  
20 Commission to make a statement to the Governor to say,  
21 whatever you end up doing into the Legislature, whatever you  
22 end up approving and moving forward with really ought to  
23 respond to these six principles because, ultimately, that's  
24 what's going to get you the kind of government service we  
25 hope to deliver.

1 COMMISSION CO-CHAIRPERSON HAUCK: Everybody okay  
2 with these? All right, let's go on to the next.

3 COMMISSIONER JELINCIC: Yeah, actually, in -- I  
4 mean, in terms of making the government more responsible and  
5 accessible, I would like to see us to actually urge the  
6 Governor's staff to release, to the public, all the  
7 information that went into the CPR, the transparency and  
8 open government. Identify the participants, identify those  
9 things, alternatives that were rejected, and explain the  
10 rationale for choosing the ones selected over the ones  
11 rejected.

12 COMMISSION CO-CHAIRPERSON HAUCK: We're back into  
13 process here, J.J. So I appreciate your point and would  
14 urge you to communicate that directly to the Governor and  
15 the Governor's office.

16 Okay, everybody okay with moving to policy  
17 recommendations?

18 COMMISSIONER FRATES: Do you want to go one at a  
19 time, Bill, or --

20 COMMISSION CO-CHAIRPERSON HAUCK: Sure, start at  
21 the top.

22 COMMISSIONER CANALES: Can I ask you a question,  
23 then, about the first one?

24 COMMISSION CO-CHAIRPERSON HAUCK: Go, Jim.

25 COMMISSIONER CANALES: Just for clarification.

1 Where it says that "these recommendations should be  
2 implemented through administrative action as long as they  
3 'do not require additional resources,'" is, again, to come  
4 back to Senator Brulte's point about what's inherent in  
5 here. Is it inherent that that's the only condition?

6 COMMISSION CO-CHAIRPERSON HAUCK: Yes.

7 COMMISSIONER CANALES: So that any other  
8 recommendation that's in the report, even if it doesn't  
9 require -- as long as a recommendation does not require  
10 resources, we are endorsing it?

11 COMMISSION CO-CHAIRPERSON HAUCK: And it doesn't  
12 require a change in the law.

13 COMMISSIONER CANALES: And it doesn't require a  
14 change in the law.

15 Okay, just to clarify.

16 COMMISSION CO-CHAIRPERSON HAUCK: I mean, there  
17 can be, I mean, in this case these kinds of things, business  
18 improvement operations. I mean, I suppose there's some  
19 examples where a change in the law would be required. But  
20 where that's not the case, this would stand as it's written.

21 COMMISSIONER CANALES: Okay.

22 COMMISSIONER BONNER: Just one observation on this  
23 one. One of the concerns I had about it is that the  
24 recommendation speaks to improving business operations, and  
25 the first sentence under that bullet item speaks to

1 improving public access. Which, you know, the two are  
2 obviously consistent but somewhat different. And I just  
3 wonder if we should, in the comment, make reference to  
4 operations, as well as access.

5 COMMISSION CO-CHAIRPERSON HAUCK: Okay. Everybody  
6 okay with that?

7 Pat?

8 COMMISSIONER BATES: Back to the question of  
9 inherent. I have a document here, and I think we probably  
10 all got a copy of it, there are 90 pages, CPR  
11 recommendations in which only administrative action is  
12 required. And I think that, looking at this, I'm assuming  
13 that there was not controversy in the initial stage, when  
14 the CPR team recommended this, because they were taking it  
15 from in-house, of people working in these departments, that  
16 said it would work better this way.

17 But where there is any sort of difference of  
18 opinion within those departments, I think there should be a  
19 prioritization so that you also have somebody who's got a  
20 better way to do it, that doesn't get lost.

21 And I'm not sure if we're all familiar with this,  
22 but I'm not real comfortable putting my name on 90 pages  
23 that some of it I truly don't understand, because I've never  
24 worked at it. If that's what we're talking about?

25 COMMISSION CO-CHAIRPERSON HAUCK: No, it isn't.

1 Let's not try to get too fine a point on some of these  
2 things.

3 COMMISSIONER BATES: Right.

4 COMMISSION CO-CHAIRPERSON HAUCK: I mean, it's  
5 going to be up to the Governor, the Governor's office, and  
6 his Agency Secretaries and Department Heads to pursue this,  
7 pretty much in the way that Chon indicated, earlier.

8 So you know, where no legislative or formal action  
9 is required on something, they're going to make those  
10 judgments, they do it every day, now.

11 COMMISSIONER BATES: Could we say with consensus  
12 of the affected departments?

13 COMMISSION CO-CHAIRPERSON HAUCK: No.

14 COMMISSIONER BATES: Oh, we don't want to do that?

15 COMMISSION CO-CHAIRPERSON HAUCK: No, it isn't  
16 going to matter if we say that.

17 COMMISSIONER DUCHENY: Well, but it should be.

18 COMMISSIONER BATES: But they're the ones that  
19 provided the information.

20 COMMISSIONER DUCHENY: That means that we support  
21 them all, and that's really hard for most of us to do,  
22 anyway. I mean, saying "should be implemented," implies  
23 that you should just go do it, as opposed to consider doing  
24 it, or take a good look at it, or something, when you have  
25 90 pages worth of things.

1           COMMISSION CO-CHAIRPERSON HAUCK: Denise is  
2 drawing too fine a point on this. The "should be  
3 implemented through administrative action" means that it's  
4 going to have to go through some kind of process in the  
5 Administrative Branch.

6           COMMISSIONER BRULTE: Let me see if I can  
7 translate here.

8           COMMISSIONER DUCHENY: Yeah, there you go.

9           COMMISSIONER BRULTE: You have two people, who may  
10 be on the ballot in the future, and they don't want their  
11 opponents to be able to pull out a 90-page document and say,  
12 because they agreed to this sentence, everything in that 90-  
13 page document is open to attack. That's, I think, where  
14 you're going.

15          COMMISSIONER DUCHENY: It is.

16          COMMISSIONER BRULTE: So the electeds on the panel  
17 may have a different point of view.

18          COMMISSIONER DUCHENY: We have to abstain, yeah.

19          COMMISSION CO-CHAIRPERSON HAUCK: All right.

20          COMMISSIONER BENTON: Mr. Chairman? As some  
21 sensitivity to the points of view that have been expressed,  
22 it seems to me the overriding point is that administrative  
23 action should be taken as deemed appropriate.

24                 There are many -- as you're describing, the  
25 Governor has many opportunities to make administrative

1 decisions, so do his Agency Secretaries and Department  
2 Directors, and they do so every day in the administration of  
3 the program.

4 All you're suggesting is as the Governor and his  
5 team deem appropriate, they may move ahead on those.

6 COMMISSION CO-CHAIRPERSON HAUCK: Right.

7 COMMISSIONER BENTON: Which is not delegating any  
8 authority, nor endorsement, by anyone here. And I think if  
9 you look at the wording, you can get that.

10 COMMISSION CO-CHAIRPERSON HAUCK: What if we did,  
11 what if we changed, "these recommendations either may or  
12 could be implemented through administrative action," how's  
13 that?

14 COMMISSIONER FRATES: Or maybe, it's our  
15 recommendation that, at the discretion of the Governor and  
16 his secretarial staff, that they --

17 COMMISSION CO-CHAIRPERSON HAUCK: These  
18 recommendations --

19 COMMISSIONER FRATES: So we capture it in terms  
20 that it's not legislatively implied by what we're saying.

21 COMMISSION CO-CHAIRPERSON HAUCK: Does "could" do  
22 it or do we need more than that? May be. May or could, how  
23 about that? Either one?

24 COMMISSIONER FRATES: I'm comfortable with that,  
25 yeah.

1 COMMISSION CO-CHAIRPERSON HAUCK: All right,  
2 that's what we'll do. Okay.

3 COMMISSIONER JELINCIC: Bill, this business  
4 improvement operations, there are consistent implications  
5 and some specific references to actually contracting things  
6 out. And is that, in fact, what you mean here?

7 COMMISSION CO-CHAIRPERSON HAUCK: No, this is a  
8 very broad statement. There's nowhere in this document is  
9 there any reference to contracting out, pro or con.

10 COMMISSIONER JELINCIC: Yeah, in this summary  
11 there isn't.

12 COMMISSION CO-CHAIRPERSON HAUCK: Right.

13 COMMISSIONER JELINCIC: But in the 2,700 pages  
14 that we're saying go forth and do good things with --

15 COMMISSION CO-CHAIRPERSON HAUCK: We're saying  
16 maybe.

17 COMMISSIONER JELINCIC: -- there's lots and lots  
18 of proposals in there that would lead to contracting out.

19 COMMISSION CO-CHAIRPERSON HAUCK: I think this  
20 statement, the way it's drafted, is meant as a broadly based  
21 statement with respect to all the recommendations in terms  
22 of business that could be categorized under business  
23 improvement.

24 COMMISSIONER BONNER: Also, I would point out that  
25 this relates to those things that the Administration can do



1 without further legislative action or other outside  
2 consultation. And I don't think that you can necessarily  
3 expand, significantly, the authority to outsource without  
4 addressing some legislative constraints, as well.

5 So the concern you're raising I'm not sure would  
6 really be significant.

7 COMMISSIONER JELINCIC: Part of the problem is  
8 we're frequently in court over exactly what the  
9 Administration can or cannot do in terms of the outsourcing.  
10 And so, obviously, that is a really important issue to me  
11 and the people I represent.

12 You know, we've had some conversations about  
13 managed competition, which is a good thing. But one of the  
14 things that happens, frequently, is that even though it is  
15 not cost effective, it is in fact contracted out because of  
16 a political agenda, and I just want to make sure that we're  
17 not going down and endorsing that road.

18 COMMISSION CO-CHAIRPERSON HAUCK: Well, that's not  
19 the intent of this statement.

20 COMMISSIONER FOX: Well, the other thing, there's  
21 a political agenda both ways, and we keep on hearing about  
22 it being ideology if you want to contract out, but a lot of  
23 it, you know, which I don't buy. But there's another way of  
24 handling this, we could just bring up the issue of  
25 contracting out, take a vote, and if it's voted down, it's

1 voted down. And if it's not, you can write a minority  
2 opinion.

3 COMMISSION CO-CHAIRPERSON HAUCK: I think that's a  
4 little too broad.

5 COMMISSIONER JELINCIC: In which case I actually  
6 have a motion. Surprise, surprise, I actually have a motion  
7 on contracting out.

8 COMMISSIONER OLSEN: You know, Mr. Chair, the --

9 COMMISSION CO-CHAIRPERSON HAUCK: Okay, J.J., hold  
10 on. Steve?

11 COMMISSIONER OLSEN: The issue of contracting out,  
12 I mean in a way, really isn't before us in the sense that  
13 there's a very specific legislative scheme set out in the  
14 Government Code that regulates contracting out. Is it  
15 Section 19130, J.J., I'm sure you know it by heart.

16 COMMISSIONER JELINCIC: Both A and B.

17 COMMISSIONER OLSEN: Section A, Section B, you  
18 know, all that. And there's no recommendation in the CPR  
19 report to change Government Code Section 19130. The  
20 legislative scheme is still in place, it's really not before  
21 us. And I haven't heard any member of the Commission  
22 suggest that there ought to be a change in that area, and so  
23 I just don't see that it's much of an issue. And I  
24 certainly wouldn't read anything in this language that would  
25 suggest that there's an expansion of the contracting out or

1 outsourcing scheme.

2 COMMISSION CO-CHAIRPERSON HAUCK: All right, can  
3 we move on? How about point two?

4 COMMISSIONER CANALES: Mr. Chairman, just for  
5 clarification on point two and, again, not to dive too  
6 deeply into the details here, but for example, we heard a  
7 fair amount of testimony on the issue of Smart Cards, which  
8 is in the HSS section, is this to be construed that we  
9 support the Smart Cards because of their use of technology  
10 to streamline State government?

11 COMMISSION CO-CHAIRPERSON HAUCK: I mean, that  
12 takes this down to, way too far into a specific support or  
13 oppose a specific piece of --

14 COMMISSIONER CANALES: But I guess the reason I  
15 ask is that there are examples provided here to illustrate  
16 the point. So it talks about a web-based eligibility portal  
17 and online exams. I'm just trying to understand if  
18 supporting this general policy recommendations means that  
19 we're also saying we support the use of Smart Cards? And  
20 maybe that's not an appropriate question to ask you because  
21 it's too specific, but the broad language at least opens the  
22 question.

23 COMMISSIONER DANDO: Actually, I had the same  
24 comment on my notes. I put that in my personal remarks, but  
25 I thought about that.

1 COMMISSION CO-CHAIRPERSON HAUCK: Okay, how about  
2 this, Jim, and Pat, how about in that second sentence, "the  
3 Commission endorses this concept", period.

4 COMMISSIONER FRATES: And not to get into the  
5 implementation of a --

6 COMMISSION CO-CHAIRPERSON HAUCK: Right. Does  
7 that do it?

8 COMMISSIONER FRATES: That's acceptable, yes.

9 COMMISSION CO-CHAIRPERSON HAUCK: All right. We  
10 put a period after concept and take out the remaining  
11 language.

12 COMMISSIONER JELINCIC: One of the things--

13 COMMISSION CO-CHAIRPERSON HAUCK: J.J., on every  
14 one of these points are we going to go down this road?

15 COMMISSIONER JELINCIC: Probably not every one of  
16 them. But one of the things I'd like to see in here is the  
17 Commission remind the Governor that we must be aware of the  
18 digital divide, that not everybody has access to the  
19 internet, not everybody is computer literate. And so I  
20 would like to see something in there that simply says that,  
21 as providers of government service, we have to be aware that  
22 not everyone has access to these electronic mediums.

23 COMMISSION CO-CHAIRPERSON HAUCK: We could put  
24 something at the bottom here that says, attention, Governor  
25 Schwarzenegger, not everybody has a computer. We'll try to

1 do something.

2 COMMISSIONER BONNER: Is this document going to be  
3 released in concert with the document that summarizes the  
4 public input, or is there any connection between these two?

5 COMMISSION CO-CHAIRPERSON HAUCK: Probably.

6 COMMISSIONER BONNER: Because on a point like  
7 that, I think the record kind of will speak for itself, in  
8 that we heard testimony from some of the community groups  
9 that have different views on that, as well, and it's  
10 documented or recorded here, in the other manual.

11 COMMISSION CO-CHAIRPERSON HAUCK: Assuming we get  
12 through this document. Andrew, when you do the final -- I  
13 think when you do the final book, you can include this  
14 document in that book; correct? And we probably would also  
15 have them, or at least these pages would be up front so that  
16 if anybody just wanted to copy those pages, they wouldn't  
17 have to -- they could do so out of the book, or we could  
18 even put them out separately.

19 So I think the intent was to include a document  
20 like this, recommendations, up front in the book.

21 COMMISSIONER DUCHENY: Mr. Chairman, just one  
22 suggestion on this, and maybe the way to sort of work around  
23 this is many of these proposals, and I think a lot of the  
24 testimony we heard suggests that some of these might work,  
25 but they clearly weren't fully developed, at least in the

1 original document that we've all seen. So that maybe  
2 endorses the concept and encourages the Governor to work  
3 with the Legislature to further develop proposals and  
4 analyze the cost effectiveness of specific ones.

5 Because some of those technology ones may save  
6 money and some may not. Some may be effective, some may not  
7 work for certain constituencies.

8 COMMISSION CO-CHAIRPERSON HAUCK: Right.

9 COMMISSIONER DUCHENY: And I think there's so many  
10 of them in there that maybe if we just sort of talked about  
11 developing the proposals, because I don't think --

12 COMMISSION CO-CHAIRPERSON HAUCK: That makes  
13 sense. We'll do that.

14 Andrew, tell me any time along the way here where  
15 you get behind.

16 COMMISSIONER DUCHENY: I wrote it down.

17 COMMISSION CO-CHAIRPERSON HAUCK: All right, let's  
18 go to the next one.

19 COMMISSIONER BRULTE: I don't know that I'm going  
20 to fall on my sword for it, but unless the Citizen's  
21 Compensation Commission has really improved its research,  
22 I'm not sure I want them recommending anything regarding  
23 workforce compensation. But I mean, maybe I missed the part  
24 where you think that's a real good thing.

25 COMMISSION CO-CHAIRPERSON KOZBERG: I think

1 there's a sense that there needs to be a survey done of what  
2 comparable compensation is, because it appears that the  
3 State is significantly below counties, local government,  
4 education in the public sector. If there's a better way to  
5 say that, I'm trying to throw it into a neutral body.

6 COMMISSIONER BRULTE: And the only reason I raise  
7 that is because I'm all for that. But when the Citizen's  
8 Compensation Commission was given that charge relative to  
9 executive and legislative salaries, they specifically  
10 ignored comparability, when they were given that charge  
11 previously. So I just don't know that that's the group,  
12 unless you want to hamstring them even further.

13 COMMISSION CO-CHAIRPERSON HAUCK: Okay, if people  
14 are sensitive to that, let's take out the --

15 COMMISSION CO-CHAIRPERSON KOZBERG: Strike the  
16 sentence that has the specific --

17 COMMISSION CO-CHAIRPERSON HAUCK: Well, let me  
18 suggest, "consideration should be given to examining the  
19 executive compensation structure of the State."

20 COMMISSIONER BRULTE: Right, absolutely. Yeah,  
21 better.

22 COMMISSION CO-CHAIRPERSON HAUCK: Okay, everybody  
23 okay with that language?

24 COMMISSIONER JELINCIC: I would actually encourage  
25 them not -- well, to look at the whole management structure,

1 I mean, from not supervisors, but all the managers on up.

2 COMMISSION CO-CHAIRPERSON HAUCK: We are saying  
3 that here.

4 COMMISSIONER JELINCIC: Okay. And okay, so the  
5 other observation I would make is the strategic plan, that's  
6 talked about in the second sentence, really ought to look at  
7 all those things, but it also ought to look at the workforce  
8 size, the skills, the needs, and the resources that people  
9 need to provide these services.

10 COMMISSIONER FRATES: I think it's a type of  
11 training, isn't it, workforce development, that you look at  
12 people, you look at jobs, you try and develop people and  
13 train them for the jobs. And I believe we say, later on we  
14 specifically mention training as an important attribute. I  
15 think we're okay with this the way it is.

16 COMMISSION CO-CHAIRPERSON HAUCK: Folks, let's  
17 not -- we say, "the State must develop a strategic plan in  
18 regard to its workforce."

19 COMMISSIONER FRATES: That's the core of it, yeah.  
20 It's okay.

21 COMMISSION CO-CHAIRPERSON HAUCK: That's the  
22 essence of that bullet and it includes, really, all of the  
23 things that you're saying.

24 COMMISSIONER JELINCIC: Okay, as long as that's  
25 understood.



1 COMMISSION CO-CHAIRPERSON HAUCK: Joel?

2 COMMISSIONER FOX: I would like to suggest that we  
3 make it a little stronger by, instead of a study, we ask for  
4 a commission to look at some of these things.

5 And I would specifically add to the salaries,  
6 wages, benefits, pensions, and given some of the news we  
7 read from the City of San Diego and Orange County, even ask  
8 them to look at local pensions, while they're doing it.

9 COMMISSION CO-CHAIRPERSON HAUCK: Well, I mean, as  
10 I said, I think we really have captured the point here in  
11 terms of the strategic plan with regard to the workforce.  
12 We really ought to leave it to the Governor to, if he  
13 chooses to do this, to go about it in whatever way he  
14 decides to go about it. At least that's what I would  
15 suggest.

16 COMMISSIONER BRULTE: Pension is a benefit that  
17 specifically --

18 COMMISSIONER FOX: That's what I wanted to  
19 highlight.

20 COMMISSION CO-CHAIRPERSON HAUCK: Got it.

21 COMMISSIONER FOX: Okay.

22 COMMISSIONER O'NEILL: I have one comment.

23 COMMISSION CO-CHAIRPERSON HAUCK: Go ahead.

24 COMMISSIONER O'NEILL: Thank you. The last  
25 paragraph, I'm really pleased that you put in, about

1 training, and that we all had some consensus on putting that  
2 in there.

3 I just had one comment and that's the first  
4 sentence, it said "training should not be the first thing  
5 removed," that means it can be the second thing removed. So  
6 I would like to say should not be removed or say should be  
7 given priority, because I think every department needs to  
8 have training, in some form or another, for the fostering of  
9 a cultural service.

10 COMMISSION CO-CHAIRPERSON HAUCK: How about  
11 "should be given high priority in department" --

12 COMMISSIONER O'NEILL: Yes, it should be a  
13 priority, rather than removed from the budget.

14 COMMISSIONER JELINCIC: And everybody noticed that  
15 we've closed down the State Training Center.

16 COMMISSION CO-CHAIRPERSON HAUCK: Yes, that's one  
17 of the reasons we have this here.

18 Okay, anything else on that one?

19 Okay, let's go to reorganization. That section's  
20 called "Reorganization Recommendations," and I'd say we'll  
21 start with that.

22 COMMISSIONER WHITESIDE: Mr. Chairman?

23 COMMISSION CO-CHAIRPERSON HAUCK: Yes.

24 COMMISSIONER WHITESIDE: Could I first off  
25 reference, and maybe I would just feel more comfortable if,

1 in the second paragraph we said, "we support, in concept,  
2 the major reorganization proposals," because this is pretty  
3 specific that we support the major reorganization proposals.  
4 And, frankly, there's a lot of detail in there and that's a  
5 pretty broad support statement. So I would support it in  
6 concept, personally.

7 COMMISSION CO-CHAIRPERSON HAUCK: Is everybody  
8 okay with that one? Okay.

9 COMMISSIONER FRATES: Yeah.

10 COMMISSION CO-CHAIRPERSON HAUCK: Okay, "with  
11 certain exceptions the Commission, in concept, supports the  
12 major reorganization proposals."

13 COMMISSIONER WHITESIDE: Right.

14 COMMISSIONER FRATES: How about supports its  
15 function.

16 COMMISSION CO-CHAIRPERSON HAUCK: "Made by," it  
17 wouldn't be proposed by, "made by the CPR team."

18 COMMISSIONER WHITESIDE: Right.

19 COMMISSION CO-CHAIRPERSON HAUCK: All right. Are  
20 we okay with that paragraph, that section?

21 COMMISSIONER DUCHENY: Just the beginning one,  
22 above that, where it says "the public hearings afforded a  
23 meaningful opportunity," I don't know how to say it, but we  
24 don't want to imply with that, I don't think, that there  
25 isn't more opportunity for public discussion on these

1 proposals, as they move along, and like somehow we've heard  
2 it and it's over. Because I think there are a lot of people  
3 who are still looking at some of these things and are going  
4 to continue to look at it after this document comes out, and  
5 clearly the --

6 COMMISSIONER OLSEN: You can call it "a meaningful  
7 first opportunity."

8 COMMISSIONER DUCHENY: Something. I mean, there  
9 may be some way of saying we encourage that public  
10 participation to continue, something along there.

11 COMMISSION CO-CHAIRPERSON HAUCK: All right, we'll  
12 add that point to that sentence. Yeah, got it. Okay.

13 COMMISSIONER JELINCIC: Bill, what were you  
14 adding?

15 COMMISSION CO-CHAIRPERSON HAUCK: The point that  
16 Denise just made which is, in essence, that we acknowledge  
17 and encourage additional public testimony in the line with  
18 what Chon indicated earlier, that this is really the  
19 beginning of the process, not the end.

20 COMMISSIONER CANALES: Afforded an initial  
21 opportunity?

22 COMMISSIONER DUCHENY: Yeah, initial, that's good.  
23 Yeah.

24 COMMISSIONER FRATES: Yeah, afforded the initial  
25 opportunity, very good.

1 COMMISSION CO-CHAIRPERSON HAUCK: All right,  
2 Infrastructure Department.

3 COMMISSIONER DUCHENY: I hate to be picky, but I  
4 think it should be made to the Administration and the  
5 Legislature. That may be just parochial on our part, but I  
6 don't know that they can do it by themselves.

7 COMMISSION CO-CHAIRPERSON KOZBERG: Which is that?

8 COMMISSIONER DUCHENY: The last sentence on that  
9 page 4, "should be left to the Administration to determine  
10 the precise makeup of each department." It's not going to  
11 be done without legislative approval, and just so our people  
12 don't feel like --

13 COMMISSION CO-CHAIRPERSON HAUCK: Denise, we can't  
14 hear you.

15 COMMISSIONER DUCHENY: I'm sorry. What I was  
16 saying is that the last sentence there says "it should be  
17 left to the Administration to determine the precise makeup,"  
18 and it just seems maybe we want to put "and the  
19 Legislature."

20 COMMISSION CO-CHAIRPERSON HAUCK: Well, just wait  
21 a second. The context of this statement is that the  
22 Governor would propose, in this case, a reorganization plan,  
23 and then the Legislature would have the opportunity to  
24 either accept or reject the plan.

25 COMMISSIONER BONNER: The easy fix might be to

1 change the term into "proposed." It would be left to the  
2 Administration to propose the precise makeup.

3 COMMISSION CO-CHAIRPERSON HAUCK: Yeah, all right,  
4 I think that works. Denise, did you hear that?

5 COMMISSIONER BONNER: I said, I was recommending  
6 that we change the word "determine" to "propose."

7 COMMISSION CO-CHAIRPERSON HAUCK: Does that work?

8 COMMISSIONER DUCHENY: Yeah.

9 COMMISSION CO-CHAIRPERSON HAUCK: That's good,  
10 thank you, Dale.

11 All right, the Infrastructure Department.

12 COMMISSIONER JELINCIC: I'm not the only one who's  
13 lost. Where do we --

14 COMMISSION CO-CHAIRPERSON HAUCK: All right,  
15 just --

16 COMMISSIONER BONNER: The bottom of page 4.

17 COMMISSION CO-CHAIRPERSON HAUCK: Let me do it.  
18 The last sentence, the first word in the last sentence, on  
19 page 4, is now -- it was "determined" and we changed to  
20 "propose." "It should be left to the Administration to  
21 propose the precise makeup of each department."

22 COMMISSIONER JELINCIC: All right, thank you.

23 COMMISSION CO-CHAIRPERSON HAUCK: Okay,  
24 Infrastructure.

25 COMMISSIONER WHITESIDE: Mr. Chairman, the

1 recommendation on the State Water Board and the Regional  
2 Water Quality Boards, somehow that's going to be an issue.  
3 And I know we're doing this in concept, but "an automatic  
4 review of inconsistent Regional Board decisions," does  
5 that -- I'm not even sure what that means. Maybe we could  
6 just say there should be a review process on contested  
7 decisions or something.

8 COMMISSION CO-CHAIRPERSON HAUCK: All right, let's  
9 go over that.

10 COMMISSIONER WHITESIDE: The last paragraph on  
11 page 5.

12 COMMISSION CO-CHAIRPERSON HAUCK: Yeah. I mean,  
13 the way it now reads is "the Commission has heard a great  
14 deal of discussion about conflicting water policy between  
15 the Regional Water Quality Control Boards and the State  
16 Water" -- should be "Resources Control Board."

17 COMMISSIONER WHITESIDE: Right, Resources Control  
18 Board.

19 COMMISSION CO-CHAIRPERSON HAUCK: All right, so  
20 that sentence is okay.

21 COMMISSIONER WHITESIDE: Right.

22 COMMISSION CO-CHAIRPERSON HAUCK: "While there is  
23 a need for regional input or representation, there's also a  
24 need for greater consistency in interpretation, therefore,  
25 there should be an automatic review of inconsistent Regional

1 Board decisions by the State Water Resources Control Board."

2 How would you propose to --

3 COMMISSIONER WHITESIDE: Well, I guess the  
4 question is, is this if Board X makes one decision in  
5 September and a different decision in March, or would it  
6 assume that Humboldt and San Bernardino Counties should  
7 somehow have consistency between regions?

8 I mean, I think, first of all, the value of having  
9 regional boards is that regional conditions vary, and that's  
10 why we do it.

11 COMMISSION CO-CHAIRPERSON HAUCK: Yes.

12 COMMISSIONER WHITESIDE: So I would assume that a  
13 different decision from different regions would not  
14 necessarily trigger an automatic review.

15 COMMISSION CO-CHAIRPERSON HAUCK: No, right.

16 COMMISSIONER WHITESIDE: But if one board appeared  
17 to be applying different standards to similar conditions.

18 COMMISSION CO-CHAIRPERSON HAUCK: I get your  
19 point. And I think what I'm trying to figure out is what  
20 the right wording for that should be.

21 COMMISSIONER WHITESIDE: How about if we just say  
22 there should be a review process for contested board  
23 decisions, or something like that, because consistency  
24 is --

25 COMMISSIONER TAYLOR: Well, but there already is a



1 review process for contested board decisions at the local  
2 level, they can appeal it to the State level.

3 I thought this sentence was in response to some  
4 public testimony we got, where there seemed to be some  
5 inconsistency between the regional boards, and people who  
6 appeared before them didn't know really kind of what the  
7 standards were and what they weren't.

8 COMMISSION CO-CHAIRPERSON HAUCK: Right,  
9 inconsistencies that are beyond the --

10 COMMISSIONER BRULTE: When people want to  
11 interface with government entities to ultimately accomplish  
12 a specific project, when the State tells them one thing, and  
13 the local tells them another, they are put in a Catch 22,  
14 and that freezes them. It is not the responsibility of  
15 government to put citizens in a Catch 22.

16 So figuring out a process by which we can make it  
17 clear is, I think, where you want to go with it.

18 COMMISSION CO-CHAIRPERSON HAUCK: How about if  
19 we -- let's try "while there is a need for regional input or  
20 representation, there's also a need for greater consistency  
21 and interpretation", period.

22 COMMISSIONER WHITESIDE: Okay, that's fine.

23 COMMISSION CO-CHAIRPERSON HAUCK: Now, the next  
24 sentence should be we need a --

25 COMMISSIONER WHITESIDE: A process for review.

1 COMMISSION CO-CHAIRPERSON HAUCK: A process for  
2 reconciling --

3 COMMISSIONER TAYLOR: Inconsistency.

4 COMMISSION CO-CHAIRPERSON HAUCK: -- inconsistency  
5 between regional and State Board decisions.

6 COMMISSIONER TAYLOR: Inconsistency or conflicts.  
7 We also heard sometimes there are conflicts between the  
8 Water Board and DTSC and lack of understanding of how to  
9 resolve those conflicts.

10 COMMISSIONER FRATES: But whatever we are, what  
11 we're saying is, as Senator Brulte brought up, there ought  
12 to be some recourse for some citizen, okay, who can't see  
13 consistency in an environment, or has a substantial and  
14 legitimate concern about the fact that some rules are being  
15 interpreted one way and some are another.

16 COMMISSIONER TAYLOR: What I heard from Senator  
17 Brulte, and Senator Brulte, obviously, you can speak for  
18 yourself, but was not just a process to resolve  
19 inconsistencies, but a process to make sure that the  
20 inconsistencies happen as infrequently as possible.

21 COMMISSIONER FRATES: Right, that clearly is the  
22 case.

23 COMMISSIONER TAYLOR: And that's the place to  
24 attack it, first and foremost.

25 COMMISSIONER FRATES: Right.

1           COMMISSIONER TAYLOR: Not just to make it an easy  
2 appeal but, rather, to make sure that there's some measure  
3 of consistency from the get-go.

4           COMMISSIONER FRATES: Right.

5           COMMISSIONER WHITESIDE: It also, then, and I  
6 don't know whether it goes here or somewhere else, the  
7 issues of conflicting regulatory interpretations or  
8 conflicting regulatory authority isn't just within the State  
9 water process. It's between Fish and Game and the Air  
10 Board, or between the Corps of Engineers and something.

11           So somewhere in this document I would like to  
12 suggest that part of this issue is to have a conflict  
13 resolution process when there are conflicting regulations  
14 between agencies, not just with the --

15           COMMISSION CO-CHAIRPERSON HAUCK: All right, but  
16 before we deal with that, let's try to deal with this,  
17 first.

18           Here's what I'd suggest, we put a period after  
19 "interpretation," and then the next sentence would read  
20 something like this, "there is a need for a process to  
21 reconcile and reduce inconsistent decision making between  
22 the State Board and Regional Boards."

23           COMMISSIONER FRATES: Right.

24           COMMISSION CO-CHAIRPERSON HAUCK: Does that work?

25           COMMISSIONER WHITESIDE: That's fine.

1 COMMISSIONER TAYLOR: That's fine.

2 COMMISSIONER DUCHENY: Can I just, are we implying  
3 then, because the earlier one, on the Infrastructure, had  
4 said just don't get rid of the Air Board. This implies that  
5 you're rejecting the recommendation to get rid of the water  
6 board and the regional boards, too.

7 COMMISSION CO-CHAIRPERSON HAUCK: Yes, it does.  
8 That's correct.

9 COMMISSIONER DANDO: Bill, I had a question on --

10 COMMISSIONER DUCHENY: That's fine. I mean, I'm  
11 for that, I just wanted to make sure.

12 COMMISSIONER DANDO: I had a question on page 5,  
13 closer to the top of the first paragraph. I just want to  
14 make sure that this comment is strong enough when it comes  
15 to concern about putting transportation into a mega  
16 department. Because I think, when you put transportation  
17 into a mega department, that somehow it's going to make it  
18 more difficult for a firewall to be placed between  
19 transportation funds and some of these other, equally  
20 important issues.

21 COMMISSION CO-CHAIRPERSON HAUCK: Well, I mean, I  
22 appreciate that point, but it's --

23 COMMISSIONER DANDO: Well, the discussion has been  
24 on water, and equally important is transportation, so I  
25 was --

1           COMMISSION CO-CHAIRPERSON HAUCK: Yeah. But we  
2   can't protect transportation funds if the Governor and the  
3   Legislature agree to either steal or borrow, take or borrow  
4   transportation funding. There's other provisions of law  
5   that provide for terms under which that can be done.

6           COMMISSIONER DANDO: Well, I think, though, if  
7   we're trying to give input that we've heard from the public,  
8   the community, that Proposition 42 was repeated over, and  
9   over, and over, and that is -- so at any rate, I just think  
10   that we want to call attention to it's not only important to  
11   protect water, but --

12          COMMISSION CO-CHAIRPERSON HAUCK: Well, we really  
13   do that by mentioning it here. I think we go out of bounds  
14   of this to get into Prop. 42 and what's happened to that.

15          COMMISSIONER DANDO: Well, we don't have to be  
16   that specific, now, I'll do that in my personal  
17   recommendations. But again, I just want to say that I think  
18   it's a mistake to put transportation into a mega department,  
19   without any kinds of protection, as it is for water and some  
20   of the other issues.

21          COMMISSION CO-CHAIRPERSON HAUCK: But even if --  
22   that's my point, even if you didn't put transportation in a  
23   mega department, none of the funding issues you're talking  
24   about would be impacted.

25          COMMISSIONER DANDO: Well, it's not just funding.

1 I mean, it's also the conversation with local agencies that  
2 are performing transportation, in their own rights, by  
3 taxing themselves.

4 COMMISSION CO-CHAIRPERSON HAUCK: Right, okay.

5 COMMISSIONER DANDO: So it's not just the funding,  
6 it's the regional funding, it's land use decisions. It has  
7 a lot to do with where housing is built. Transportation is  
8 really critical to a lot of other issues that we've heard  
9 from the public.

10 So I'm just saying, if this is strong enough that,  
11 I mean, we are saying that there is concern --

12 COMMISSION CO-CHAIRPERSON HAUCK: Yeah, my feeling  
13 is that this is strong enough because these are the two  
14 things we mention, we don't mention anything else.

15 COMMISSIONER DANDO: Okay, as long as --

16 COMMISSIONER BATES: Chairman, on that point could  
17 I just add to what Pat is saying. I think we've spelled out  
18 on water and resources that there has to be the public  
19 participation input, and we did not set that out for  
20 transportation, where it is critical in terms of funding and  
21 consensus building.

22 So if we could have a sentence in there that also  
23 talks about -- like the California Transportation  
24 Commission, we're talking about doing away with that. It's  
25 not any different than the Regional Water Quality Boards.

1 It is the place that the public enters its priorities and  
2 agrees to a consensus use of funds.

3 So I don't have a sentence, maybe Senator Brulte  
4 does. But I think we need to set it out specifically, too,  
5 as something to be protected.

6 COMMISSIONER DANDO: Well, the language that I had  
7 in my personal comments is that it would have a negative  
8 impact, or "it could have a negative impact on the current  
9 partnership between the CTC and local agencies."

10 COMMISSIONER BRULTE: I don't see that as a  
11 problem. I mean, the purpose of an Infrastructure  
12 Department is to elevate the whole planning process. The  
13 problem with too many political types in government is they  
14 want immediate gratification, and planning for the future  
15 doesn't give voters immediate gratification, it takes a long  
16 time to do that.

17 As the driving force for Prop. 42, in the  
18 Legislature, I don't see this as a diminution at all, I just  
19 see it as a way of changing the structure of State  
20 government, not changing the focus on transportation.

21 COMMISSION CO-CHAIRPERSON HAUCK: Right.

22 COMMISSIONER DANDO: I just don't want to take  
23 away the local input and the local planning that is going  
24 on.

25 COMMISSIONER BRULTE: Yeah, and I don't see how

1 that's even addressed here, so I don't think it does that.

2 COMMISSIONER DANDO: Well, that was my concern.

3 COMMISSIONER BRULTE: And Bill, for future  
4 reference, "borrow" is the legislative term for "steal."

5 (Laughter.)

6 COMMISSIONER DANDO: Let me just say that's the  
7 legislative term, but as the local term, the local term is  
8 "steal."

9 COMMISSION CO-CHAIRPERSON HAUCK: Russ?

10 COMMISSIONER GOULD: You know, one point is that  
11 there is also an item of a five-year plan, and that really  
12 looks at both State and local capacity. What we're really  
13 doing in this is elevating the importance of infrastructure  
14 broadly, within the State government, and the integration of  
15 State and local priorities to achieve important things,  
16 whether it's water or transportation.

17 So I think we're really getting at your point,  
18 Pat, through both those elements.

19 COMMISSION CO-CHAIRPERSON HAUCK: Okay, folks,  
20 anything more on this?

21 COMMISSIONER BATES: I'm still, I'm just going to  
22 be candid, I'm still uncomfortable because of the absence of  
23 it in that discussion, with regards to transportation, will  
24 certainly generate controversy in the public, especially at  
25 local government level, when you don't have a process



1 through which you're going to prioritize how those funds are  
2 spent.

3 There's a mega process that goes on, now, so that  
4 we share money, at the local level, for intersections.  
5 Where does it set forth in here that that's going to  
6 continue? In the absence of that discussion, I'm just  
7 guaranteeing you it will pop up, it just will.

8 COMMISSION CO-CHAIRPERSON HAUCK: Well, I mean,  
9 there's another way to approach this and that would be that  
10 we could recommend to the Governor that he not eliminate the  
11 California Transportation Commission. And you know, we can  
12 vote on that, if that's the sentiment.

13 All right, just with a show of hands, how many of  
14 you want to recommend to the Governor that he not eliminate  
15 the California Transportation Commission?

16 (Show of hands.)

17 COMMISSION CO-CHAIRPERSON KOZBERG: It looks like  
18 the locals have a --

19 COMMISSION CO-CHAIRPERSON HAUCK: Not quite  
20 enough.

21 COMMISSIONER JELINCIC: Well, there may be a whole  
22 bunch of abstentions. How many don't want to do it?

23 COMMISSION CO-CHAIRPERSON KOZBERG: Or how many  
24 don't care.

25 COMMISSIONER GOULD: Well, I think there's also

1 people who don't want to comment, and let that be a decision  
2 that the Administration sort through in terms of how they  
3 want to effect it.

4 COMMISSION CO-CHAIRPERSON HAUCK: Right. I think,  
5 Pat, what I'd suggest is --

6 COMMISSIONER DUCHENY: We can put in a  
7 consideration needs to be paid attention to that the State  
8 and local process be respected.

9 COMMISSION CO-CHAIRPERSON HAUCK: All right. Does  
10 that work?

11 COMMISSIONER FRATES: For all that, yeah, just put  
12 in that.

13 COMMISSION CO-CHAIRPERSON HAUCK: I think that  
14 makes sense.

15 COMMISSIONER BATES: Thank you.

16 COMMISSION CO-CHAIRPERSON HAUCK: Okay, let's move  
17 to OMB. Comments? Questions, comments on OMB?

18 Well, I'm going to give somebody else a chance,  
19 first, J.J. Russ?

20 COMMISSIONER GOULD: Well, I just endorse the way  
21 this is put forth. I think that you're putting important  
22 policy functions within the Office of Management and Budget,  
23 at the same time not, if you will, creating an operational  
24 aspect to the Department, in terms of trying to implement a  
25 variety of things which could, I think, diminish its

1 effectiveness in its other roles. So I think it's an  
2 appropriate separation between policy and operation.

3 COMMISSION CO-CHAIRPERSON HAUCK: How would you  
4 know?

5 (Laughter.)

6 COMMISSIONER GOULD: Thank you for that bit of  
7 candor.

8 COMMISSION CO-CHAIRPERSON HAUCK: You're welcome.  
9 I always like to help my friends.

10 All right, J.J.

11 COMMISSIONER JELINCIC: Well, I've got a couple of  
12 concerns and I'm not quite sure how to address them, but let  
13 me explain what they are. The Office of Administrative Law  
14 and the Office of Administrative Hearings in fact review  
15 many of the functions and stuff that comes out of the rest  
16 of this department, and so I'm not sure how putting those  
17 into the department that's doing the reviewing makes a  
18 difference.

19 COMMISSION CO-CHAIRPERSON HAUCK: Let's stop with  
20 that one. I mean, that part of your question. I mean, my  
21 understanding of this language is that while they both would  
22 be considered part of the Office of Management and Budget,  
23 they would still operate independently, as they do today.

24 COMMISSIONER JELINCIC: Okay. If that's what this  
25 language --

1 COMMISSION CO-CHAIRPERSON HAUCK: So we're not  
2 changing anything about how those offices function or how  
3 the people that run them are placed in those positions.

4 COMMISSIONER JELINCIC: Okay, if that's the intent  
5 of this language, then I don't have a problem.

6 COMMISSION CO-CHAIRPERSON HAUCK: It is.

7 COMMISSIONER JELINCIC: Okay. The State Personnel  
8 Board and SPB clearly have been at loggerheads since they  
9 brought in collective bargaining.

10 COMMISSION CO-CHAIRPERSON HAUCK: DPA, you mean.

11 COMMISSIONER JELINCIC: Or DPA. I'm sorry, SPB  
12 and DPA. But one of the -- and you know, so probably what a  
13 whole series of administrations have done is defund SPB so  
14 it can't do its job.

15 But one of the things that SPB is supposed to do  
16 is really track the discrimination that goes on in the  
17 State, report on it, monitor the progress the State makes.  
18 And if you combine the Department of Personnel  
19 Administration, which is monitoring the departments that are  
20 doing the discrimination, and then say, well, we're going to  
21 combine SPB with it, you lose that. And so I really am  
22 troubled by administratively combining those two.

23 COMMISSIONER DUCHENY: Mr. Chairman? I had some  
24 similar thoughts because I think the last sentence here,  
25 that says, "the adjudicatory functions of the State

1 Personnel Board has to be maintained independent," and maybe  
2 we don't need to say within the OMB. And also in the prior  
3 sentence, because it's the administrative functions of the  
4 Personnel Administration, the collective bargaining and  
5 those things, that probably go more logically with finance,  
6 but not the adjudicatory functions, because that's almost  
7 like a conflict to put those together, because they'd be  
8 appealing the decisions of the same department.

9 And so the sentence that says keep it as an  
10 independent board, I think clarifies that. And that maybe  
11 in the prior sentence and at the end of that sentence you  
12 took out the references of "within" and "consolidating it"  
13 there, because it really does have to be almost independent  
14 just because it is adjudicatory.

15 It's confusing to say that the Personnel  
16 Administration and the Board be consolidated because --

17 COMMISSION CO-CHAIRPERSON HAUCK: I mean, what  
18 you're saying is precisely what the intent of those two  
19 sentences was.

20 COMMISSIONER DUCHENY: You intended. Well, I  
21 think the way to do it is to take in that prior, the one  
22 that says "administrative functions," just take out "and the  
23 State Personnel Board." Or maybe only -- well, "the  
24 administrative functions," I see, that's why you're trying  
25 to keep it there.

1           COMMISSIONER OLSEN: Yeah. In other words, the  
2 reference to the consolidation has to do with only the  
3 administrative functions within each of those two  
4 departments.

5           COMMISSION CO-CHAIRPERSON HAUCK: Yeah, right.

6           COMMISSIONER DUCHENY: Well, then maybe if you  
7 struck the "within the OMB" at the end, because if you're  
8 saying it's independent, then don't say within the OMB.

9           COMMISSIONER TAYLOR: I think they are suggesting  
10 the administrative functions go within OMB.

11          COMMISSIONER OLSEN: It's part of the overall  
12 structure of the OMB to provide overall State direction on  
13 human resources policy, with respect to administrative --

14          COMMISSIONER BRULTE: It's not inconsistent.  
15 Senator, everything you're asking for, I think is inherent  
16 in here.

17          COMMISSIONER DUCHENY: Okay.

18          COMMISSIONER BRULTE: And it's not inconsistent to  
19 say that on the flow chart this independent commission is  
20 within this agency.

21          COMMISSIONER DUCHENY: Okay, right.

22          COMMISSION CO-CHAIRPERSON HAUCK: Which we  
23 consistently are doing in this piece.

24          COMMISSIONER DUCHENY: Okay, as long as that's the  
25 understanding, I think that helps clarify it for everybody.

1           My only other question is on the next page, then,  
2   in this section, why we would want that business, this  
3   operating officer to be in the Consumer Services, instead of  
4   the OMB.

5           COMMISSION CO-CHAIRPERSON HAUCK:  No, it's out of  
6   it.

7           COMMISSIONER DUCHENY:  So why wouldn't you --

8           COMMISSION CO-CHAIRPERSON HAUCK:  Because,  
9   essentially, this is General Services.

10          COMMISSIONER DUCHENY:  Right.  Why wouldn't I want  
11   them to be over there with Finance, instead of in Consumer  
12   Protection?

13          COMMISSION CO-CHAIRPERSON HAUCK:  Because it  
14   takes -- I mean, it goes against the point and the concept  
15   that Russ has emphasized several times in talking about  
16   this, we don't -- OMB is intended to be a management and not  
17   an operations agency.

18          COMMISSIONER GOULD:  Yeah, separate functions.

19          COMMISSIONER DUCHENY:  Oh, I see.

20          COMMISSION CO-CHAIRPERSON HAUCK:  Separate  
21   functions, correct.

22          COMMISSIONER GOULD:  One does analysis policy, the  
23   other manages.

24          COMMISSION CO-CHAIRPERSON HAUCK:  Right.

25          COMMISSIONER GOULD:  Yeah, that's what you're

1 after, isn't it?

2 COMMISSION CO-CHAIRPERSON HAUCK: Yes, that's  
3 exactly right.

4 Did you have more, J.J.?

5 COMMISSIONER JELINCIC: Well, I guess I'm trying  
6 to get back to this State Personnel Board thing. I mean,  
7 you know, clearly they have a Constitutional mandate to  
8 handle discipline in this adjudications, but they also have  
9 a legislative mandate to monitor a number of activities  
10 within the State workforce, and I think those are  
11 administrative functions that I don't know that I can really  
12 support moving to this combined entity.

13 So in essence, I mean if it's the adjudicatory and  
14 monitoring functions, then I don't have a problem. But I  
15 think that monitoring function is really an essential  
16 element that, when you combine the two, you lose. You know,  
17 you've then got the fox guarding the henhouse.

18 COMMISSION CO-CHAIRPERSON HAUCK: Well, Anne, do  
19 you want to comment on this?

20 MS. SHEEHAN: Yeah. J.J., I guess from an SPB  
21 perspective, I don't necessarily see those functions going  
22 away if you combine what DPA and SPB does, because you would  
23 take the authority of SPB, the administrative authority,  
24 which includes the disciplinary oversight, the EEO  
25 regulations, and carry those into the new division.



1           So I fail to see how you think we're going to lose  
2   that if you simply combine the functions of those two  
3   departments. That is in their statute, that would be  
4   continued as part of their activities.

5           COMMISSIONER JELINCIC: So you've essentially got  
6   the same agency, that is now monitoring and tracking how  
7   well this same agency is doing and not discriminating. I  
8   mean, that's --

9           MS. SHEEHAN: Well, but they track their own  
10   activities on their own discrimination right now, J.J. If  
11   there are complaints about the SPB, in some discrimination,  
12   they have to put that into their tracking mechanism right  
13   now, so nothing would change.

14          COMMISSION CO-CHAIRPERSON HAUCK: All right, let's  
15   move on, if we can. Are we done with OMB?

16          Let's go to Tax Collection and Administration.  
17   Mr. Fox.

18          COMMISSIONER FOX: Thank you, Mr. Chairman. I  
19   liked the idea, on the original report, of the Tax  
20   Commission, consolidating it. I liked the point of  
21   consolidation, and that it be overseen by an elected body.  
22   I'd like a little clarification. On the way this is written  
23   now, I'm not sure if this reconstituted Board of  
24   Equalization is an elected body and if it just serves as an  
25   appeals board to a Department of Revenue that, I guess,

1 would be more akin to being run like the Franchise Tax Board  
2 is today? I mean, that's the way I read this.

3 So a little clarification of what this means, and  
4 then my point is I believe it should be an elected body  
5 overseeing this consolidation.

6 COMMISSIONER BRULTE: I'm all for the  
7 consolidation, too, but removing electeds from the  
8 management of that, I think, takes the public further away  
9 from fairness. I mean, efficient collection of taxes isn't  
10 necessarily a fair collection of taxes. So having  
11 government employees, who are ultimately responsible for  
12 deciding all of those procedural things I think is a step  
13 away from fairness for taxpayers. Who, one thing we know,  
14 their voice is always limited in the --

15 COMMISSIONER FOX: And that's the way I read this,  
16 now.

17 COMMISSIONER BRULTE: I think I agree with you.

18 COMMISSIONER FOX: So I believe it should be an  
19 elected body, and it should not be called the Board of  
20 Equalization any longer, we got enough testimony on that.

21 COMMISSION CO-CHAIRPERSON HAUCK: Just to be clear  
22 on what the language means, or at least what I intended it  
23 to mean, is that the Board of Equalization would continue to  
24 be elected and it would be constituted as an elected board,  
25 as a tax appeals entity or agency.

1           The other issue with respect to whether they  
2   become an elected tax commission and you don't do a  
3   Department of Revenue is a separate, but related point.

4           COMMISSIONER FOX:   Okay, so that's two separate  
5   things.

6           COMMISSION CO-CHAIRPERSON HAUCK:   And I understand  
7   Jim disagrees with the --

8           COMMISSIONER FOX:   As do I.

9           COMMISSION CO-CHAIRPERSON HAUCK:   As do you.

10          COMMISSIONER FOX:   As do I.

11          COMMISSION CO-CHAIRPERSON HAUCK:   How do the rest  
12   of you feel?

13          COMMISSIONER GOULD:   Well, personally, I think the  
14   idea of a coordinated effort, which is what we heard from a  
15   large part of the testimony, we have four taxing areas, EDD,  
16   DMV, Franchise Tax Board, and Board of Equalization, to  
17   integrate and make it simpler for taxpayers to understand  
18   who they talk to, and get an efficient administration of  
19   that, I think is an admirable goal.

20          I do believe that an independently elected  
21   commission or tax board, which would be the Board of  
22   Equalization members, would resolve all appeals, so there  
23   still is that process of interaction of the public, with a  
24   board, to determine any question of inconsistencies or  
25   incorrect application of law.

1           So I think we gain both the administrative  
2   efficiencies, and better understanding from the public, in  
3   terms of how tax administration goes, but maintain an  
4   appeals process through an independently elected board.

5           COMMISSIONER BRULTE: And I don't disagree with  
6   that. But to the extent that you have an executive, who has  
7   a desire to maximize tax collection, removing elected Board  
8   of Equalization members from that process gives someone, who  
9   wants to expand government and over-collect taxes, a huge  
10   lever against taxpayers in California. And I think that's  
11   horrible public policy.

12           Efficiency makes a lot of sense, as long as it's  
13   fair efficiency.

14           COMMISSIONER FRATES: There are two parts here.  
15   One is the administrative function that, Russ, you were  
16   getting to. The four entities, I think there's a consensus  
17   amongst this Commission that that doesn't make very much  
18   sense, and that that ought to be unified structurally.

19           COMMISSION CO-CHAIRPERSON HAUCK: Right. Really,  
20   the question is whether it goes into an elected tax  
21   commission or a department of revenue.

22           COMMISSIONER FRATES: Correct. And at what level  
23   do the elected -- whatever this elected tax entity is,  
24   whether we call it State Board of Equalization, which is  
25   kind of a misnomer, or Tax Appeals Board, Tax Administrative

1 Oversight Board, whatever term we use, at what level does  
2 their adjudicatory function occur, number one. And number  
3 two, how much influence do they have on the operating  
4 function of the administration. Is that where you're going?

5 COMMISSIONER BRULTE: Sure. Let me give you a  
6 real world example. We had a previous Governor, who decided  
7 to administratively triple the car tax. After two years of  
8 legislative discussion and, frankly, popular wisdom that  
9 that had to be done by an act of the Legislature and the  
10 Governor.

11 COMMISSIONER FRATES: Right.

12 COMMISSIONER BRULTE: Now, that was done by a  
13 Governor, administratively.

14 COMMISSIONER FRATES: Right.

15 COMMISSIONER BRULTE: If, at the end of the day,  
16 an unelected bureaucrat, who's sitting over the head of a  
17 super taxing agency, can make that decision, we've now  
18 inoculated a politician from making that decision and,  
19 ultimately, taxpayers are disadvantaged.

20 COMMISSIONER FRATES: I think you're absolutely  
21 right, but I think the language that we ought to have, then,  
22 ought to point out that that adjudicatory function or the  
23 oversight of the administrative function ought to rest with  
24 some elected entity or individual.

25 COMMISSIONER BRULTE: Which would be the Tax

1 Commission in the original recommendation.

2 COMMISSION CO-CHAIRPERSON HAUCK: Let's go back.

3 The recommendation on this, in the CPR, is that the revenue  
4 agencies, which Russ enumerated, be consolidated into the  
5 California Tax Commission. That would be the administrative  
6 consolidation of these functions.

7 Secondly, the CPR recommends that the DOE is  
8 retained to continue to do what it does today. Right?

9 CO-EXECUTIVE DIRECTOR GUTIERREZ: Mr. Chairman?

10 COMMISSION CO-CHAIRPERSON HAUCK: Where are you,  
11 Chon?

12 CO-EXECUTIVE DIRECTOR GUTIERREZ: Right here.

13 COMMISSION CO-CHAIRPERSON HAUCK: Yeah.

14 CO-EXECUTIVE DIRECTOR GUTIERREZ: The intent was  
15 to take the Franchise Tax Board, as we know it today, and  
16 eliminate it, and replace it with a Board of Equalization or  
17 the Controller on it. So it would be one board, the same  
18 board.

19 But as you recall, the Little Hoover Commission  
20 doesn't give us the authority to consolidate equalization  
21 with those four entities.

22 Our intention, and you may want to speak to it in  
23 your notes, was to bring all the administrative functions,  
24 of all the tax collection agencies, into one body, with one  
25 chief executive officer, appointed by a Tax Commission, made

1 up of the Controller and all the Board of Equalization.

2 COMMISSION CO-CHAIRPERSON HAUCK: Elected  
3 officials?

4 CO-EXECUTIVE DIRECTOR GUTIERREZ: Yes. All  
5 elected officials.

6 COMMISSIONER FOX: And the reason you couldn't go  
7 there, Chon, was because it required a Constitutional change  
8 and you limited yourself.

9 CO-EXECUTIVE DIRECTOR GUTIERREZ: Yes, that is  
10 correct.

11 COMMISSIONER FOX: Well, I would recommend that we  
12 take that step. As you know, I've expressed myself at other  
13 meetings, that we should make recommendations to the  
14 Governor that may go beyond that parameter and actually make  
15 some recommendations on Constitutional changes. I think  
16 this is one place where we ought to do that.

17 COMMISSION CO-CHAIRPERSON KOZBERG: In hearing the  
18 testimony, one of the concerns that was cited was that the  
19 Department of Finance, or the executive won't even have a  
20 role on this.

21 COMMISSIONER FOX: On this Tax Commission, right.

22 COMMISSION CO-CHAIRPERSON KOZBERG: That's right.

23 CO-EXECUTIVE DIRECTOR GUTIERREZ: Right. There  
24 was also testimony in the other direction, too, that they  
25 shouldn't.

1 COMMISSION CO-CHAIRPERSON HAUCK: Well.

2 COMMISSIONER CANALES: I'm mindful, I know we're  
3 not there yet, but later in the report there's a suggestion  
4 that with regard to some of the K-12 education issues, that  
5 we recommend the formation of a small task force to take a  
6 look at those issues. I wonder if we ought to think about  
7 the same thing here.

8 This strikes me as an enormously complex area. I  
9 don't sense that we're going to get much consensus on this  
10 today. And it seems to me that there are other people who  
11 ought to be looking at this more closely.

12 And as we've agreed, I think, all along, there  
13 might be recommendations, and Chon referred to this earlier,  
14 in here, that really have some merit to them, but just have  
15 not had the time or the consideration that they need.

16 Now, if the Commission feels that they have had  
17 the time and consideration, and that we can come to  
18 consensus, so be it. But I just wanted to propose that as  
19 an idea because it seemed to be an approach that we used  
20 later in the report.

21 COMMISSION CO-CHAIRPERSON HAUCK: Right.

22 COMMISSIONER FRATES: But I think it's also fair  
23 to say that the sense of the Commission is that this  
24 agglomeration of four idiosyncratic entities that run taxes  
25 is a bad idea, and that it ought to be consolidated somewhere.



1           How it's run, what the appeals process is, who the  
2 chief executive is, is open to debate. But I don't think  
3 there's any question that the mess ought to be unraveled.

4           COMMISSION CO-CHAIRPERSON HAUCK: Well, I think  
5 that the first sentence of this section, I think, makes that  
6 point and I wouldn't abandon that.

7           Where are the rest of you, do you think Jim's  
8 suggestion makes sense?

9           All right, we will redraft -- we'll leave the  
10 first sentence, and we'll redraft it to reflect the essence  
11 of this discussion and Jim's point.

12          COMMISSIONER FOX: Can I at least note that there  
13 was a sense that there should be some elected oversight?

14          COMMISSION CO-CHAIRPERSON HAUCK: Yes. I think  
15 there's concurrence on that, anyway, and I agree with that.  
16 I think Russ does, too, and everybody. And we agree with  
17 Jim's basic point that there ought to be an elected entity  
18 here that plays a significant role.

19          I guess where some of us would differ is that we  
20 also believe that the Executive Branch needs a role in this,  
21 too, as well. Okay.

22          COMMISSIONER JELINCIC: This combination has been  
23 kicked around, I don't know how many times. I'm wondering  
24 if somebody can give me a very short history of why does it  
25 keep dying?

1 COMMISSION CO-CHAIRPERSON HAUCK: Well, mainly  
2 because --

3 COMMISSIONER FRATES: Your organization.

4 COMMISSION CO-CHAIRPERSON HAUCK: No. It keeps  
5 dying because there's been no real constituency for it,  
6 first. And second, you have provision in the Constitution  
7 for an elected Board of Equalization, and if you were to  
8 propose to eliminate that, which has been done in the past,  
9 that requires a Constitutional amendment and a vote of the  
10 people, and that's a pretty big bar to get over, let's put  
11 it that way.

12 It's not because there's been -- it's not because  
13 there's been opposition, essentially.

14 COMMISSIONER BRULTE: No, J.J., people, when given  
15 the vote, the people of California have historically  
16 resisted some people's desires to eliminate their voice, and  
17 electing their representatives is the way the people see  
18 their voice as heard. So there's always push back. The  
19 same thing on an elected insurance commissioner.

20 COMMISSIONER JELINCIC: Okay. So historically,  
21 it's always been roll BOE into FTB, and get rid of the Board  
22 of Equalization, and that's why it's historically died?

23 COMMISSION CO-CHAIRPERSON HAUCK: Well,  
24 historically it has been to take, to do precisely what we've  
25 been talking about here, which is to take the tax collection

1 functions of the State and roll them into either a  
2 department -- most of the time it's been a Department of  
3 Revenue, and that would have eliminated an elected board  
4 involvement under this process, and put it entirely under  
5 the Governor and there's, obviously, not a lot of sentiment  
6 for that.

7 COMMISSIONER BRULTE: That, and I don't think any  
8 other Governor, at least recently, has undertaken as broad  
9 an effort to see if we could streamline and make government  
10 more efficient. So there really hasn't been a huge  
11 Executive Branch emphasis.

12 COMMISSION CO-CHAIRPERSON HAUCK: I'll show you  
13 how old I am, I can remember when Cap Weinberger was an  
14 Assemblyman and proposed the creation of a Department of  
15 Revenue.

16 COMMISSIONER BRULTE: You were a child.

17 COMMISSION CO-CHAIRPERSON HAUCK: I was a child  
18 prodigy at the time, yes.

19 COMMISSION CO-CHAIRPERSON KOZBERG: In utero. And  
20 then we also remember, at that time, Senator Campbell's  
21 attempt to do the same thing in the nineties.

22 COMMISSIONER BRULTE: The truth is you were  
23 probably chairing another one of these commissions at the  
24 time.

25 COMMISSION CO-CHAIRPERSON HAUCK: All right, let's

1 move to Corrections. We will redraft the draft section  
2 along the lines of this discussion. There are some typos on  
3 this draft, which we're aware of.

4 COMMISSIONER BRULTE: I may be the odd man out,  
5 I'm not sure I like a Citizen Oversight Commission. And I  
6 am absolutely confident that I don't think a Citizen  
7 Oversight Commission should be created to guide the  
8 Department of Corrections policy. That's the job of the  
9 Governor and the people's elected representatives in the  
10 Legislature.

11 COMMISSION CO-CHAIRPERSON KOZBERG: I think maybe  
12 I can speak to this, having had a conversation,  
13 subsequently, with Governor Deukmejian, who has poured a lot  
14 of himself into this. He particularly felt strongly that  
15 there should be a Citizen Oversight Commission, was more  
16 ambivalent about whether it's management or policy.

17 But he felt that oftentimes a Secretary gets  
18 swayed by interest groups, and that this, having a Civilian  
19 Board, was an extremely important Board for that Secretary  
20 and for the Executive Branch.

21 COMMISSIONER DUCHENY: I think, though, what James  
22 is suggesting, though I'm not sure -- I think the question  
23 is what would be the scope of that Board's authority. And  
24 when you say "create policy," and I appreciate that it says,  
25 specifically, "not administrative functions."

1 COMMISSION CO-CHAIRPERSON KOZBERG: Right, that's  
2 correct.

3 COMMISSIONER DUCHENY: But policy also implies  
4 that this outside group would be making policy, as opposed  
5 to -- I can understand having an oversight board, and I  
6 think some of the discussion that day was, but then, what's  
7 it's function?

8 The fact that there ought to be some sort of  
9 Civilian Board, perhaps, working in lieu of maybe the  
10 current Department of Corrections Board, because we do have  
11 boards now, but they don't have the same kind of authority,  
12 and I don't know what that is. I mean, I'm kind of with  
13 James on that one.

14 COMMISSION CO-CHAIRPERSON KOZBERG: I think  
15 that --

16 COMMISSIONER DUCHENY: And the last sentence, just  
17 while I'm at it, "that wardens not require Senate  
18 confirmation," I think we need to kind of go on the record  
19 that we're not with you on that one. I don't know who else  
20 is, but there's no way that we could agree to that.

21 COMMISSIONER CARONA: Just so I can weigh in as  
22 well, Senator Brulte was not the odd man out. I spent quite  
23 a bit of time inquiring of Governor Deukmejian, and then  
24 also one of the speakers that day, Senator Romero, around  
25 the issue of having a Civilian Oversight Board. While I

1 think civilian input on anything that we're doing in  
2 government is important, I have grave concerns, much like  
3 Senator Brulte, that you create yet another layer of  
4 bureaucracy that is going to try to then control what takes  
5 place in the Corrections Department.

6 COMMISSION CO-CHAIRPERSON HAUCK: In that vein,  
7 let me suggest the following, if you look at the language.  
8 That sentence now reads "we support the Citizen Oversight  
9 Commission with the following modification, the Commission  
10 should be created" and so on.

11 How about the following, "we support the Citizen  
12 Oversight Commission to be advisory to the Department of  
13 Corrections, but not have administrative authority."

14 COMMISSIONER CARONA: Yeah, better.

15 COMMISSION CO-CHAIRPERSON HAUCK: Got it. To be  
16 advisory to the Department of Corrections, and take out  
17 policy. But not have administrative authority.

18 COMMISSIONER FOX: I just want to know what we've  
19 accomplished. I mean, wasn't it the point of the Governor's  
20 recommendation, Governor Deukmejian, on creating this was to  
21 try to take some of the influence off of some of the  
22 electeds, right? So if we just have an advisory, I don't  
23 know if you'd change that influence at all.

24 COMMISSION CO-CHAIRPERSON HAUCK: Well,  
25 essentially, that's what this meant anyway, because you're

1 really giving the management of the Department of  
2 Corrections to the Governor and the management of the  
3 department. I think that the -- I mean, as I read the  
4 recommendations, I mean, if you depart from the premise that  
5 there should be a citizen group to manage the department,  
6 which I don't think there would be support for, on this  
7 Commission, then what you're really endorsing is an outside  
8 citizen group to be advisory to the Department, but not be  
9 able to run the Department.

10 COMMISSIONER FOX: Right.

11 COMMISSION CO-CHAIRPERSON HAUCK: And I mean, it  
12 seems to me that there's real value in having outside  
13 citizen involvement in this process, but that you've got to  
14 make it even clearer than it is today that the Department,  
15 that the Governor and the Departmental management are  
16 responsible for running the programs.

17 COMMISSIONER DAVENPORT: It seems to me that any  
18 Secretary could be subject to pressure of interest groups.  
19 And although the problems in the prison system have been  
20 very visible that, really, the nature of influence of  
21 interest groups is not substantially different in that area.

22 So I mean, I would hate to carve out -- I guess  
23 I'm speaking in favor of the advisory, as well. I would  
24 hate to carve out, despite Governor Deukmejian's expertise  
25 and recommendation, one area such as this, that it would

1 have administrative authority. So I would support your  
2 advisory suggestion.

3 COMMISSION CO-CHAIRPERSON HAUCK: I mean, we do  
4 make the point in the last sentence that the -- I mean, we  
5 make it pretty strongly, "it is imperative that the  
6 management of the Department, appointed by the Governor, be  
7 empowered to run the State's prisons."

8 COMMISSIONER DANDO: Can I ask, what was Governor  
9 Deukmejian's intent with the Oversight Commission?

10 COMMISSION CO-CHAIRPERSON HAUCK: To run the --  
11 the IFP, the independent whatever it was, panel, review  
12 panel, IRP, recommendation was to have a citizen group run,  
13 basically run and manage the department.

14 COMMISSIONER DANDO: Well, can I just say, as a  
15 lay person, that of all of the information that we received  
16 over the last seven or eight weeks, the condition of our  
17 correctional institutions was the most alarming to me. I  
18 mean, when we have a 70, 73 percent recidivism rate, and  
19 they go back into jail within 18 months of being released,  
20 the system is broken, it's messed up. So however it's  
21 operating now is not what we should continue to do.

22 COMMISSION CO-CHAIRPERSON HAUCK: Well, that's  
23 partly what we're trying to get at here.

24 COMMISSIONER DANDO: But it sounds like we're  
25 going away from at least a crucial part of what the



1 Governor's proposal was, and that's a Citizen's Oversight.

2 COMMISSION CO-CHAIRPERSON HAUCK: No, it was not  
3 an Oversight Commission, it was a commission to run the  
4 department, and that is --

5 COMMISSIONER CARONA: And just in framing that,  
6 that debate, and not to rehash it, but Senator Romero  
7 brought up the issue of a Police Commission, and she used  
8 the Los Angeles Police Commission as an example. And I do  
9 this respectfully, because I have great respect for the Los  
10 Angeles Police Department, as well as the work of the  
11 Commissioners. But the idea that you form an Oversight  
12 Commission, with the hopes that you're going to take away  
13 problems is ridiculous. The Rampart scandal, the issues  
14 that took place around Rodney King, all happened while there  
15 was a Police Commission in place.

16 And this idea that another layer of bureaucracy is  
17 going to solve all of the systemic problems in an  
18 organization is ridiculous. I believe that what you need is  
19 command and control, and I think that was the recommendation  
20 that came out loud and clear, and I believe the Chair is  
21 trying to craft that in this kind of Straw Man vote right  
22 now, that you give command and control to a Secretary, to  
23 the leadership of the Department of Corrections, but you  
24 still imbed some type of civilian input, advisory input to  
25 that group.

1 COMMISSION CO-CHAIRPERSON HAUCK: Precisely right.

2 COMMISSIONER DANDO: All right.

3 COMMISSION CO-CHAIRPERSON HAUCK: Are we okay with  
4 this?

5 All right, let's move to Labor and Workforce  
6 Agency.

7 COMMISSIONER FOX: I'm sorry, can that be  
8 repeated? Denise, I'm sorry?

9 COMMISSIONER DUCHENY: Well, I mean, I'm  
10 particularly not on the part where it says the Senate won't  
11 confirm people, that's not like something that I can agree  
12 to.

13 COMMISSION CO-CHAIRPERSON HAUCK: And we  
14 appreciate that point.

15 COMMISSIONER JELINCIC: Is that now gone?

16 COMMISSION CO-CHAIRPERSON HAUCK: No, it's still  
17 here.

18 COMMISSIONER DUCHENY: Yeah, I mean, the rest of  
19 you are fine.

20 COMMISSION CO-CHAIRPERSON HAUCK: All right.  
21 Labor and Workforce Agency.

22 COMMISSIONER JELINCIC: Wait, can we deal with the  
23 last paragraph on Corrections? You know, you talk about  
24 centralized at the individualized prisons, particularly  
25 personnel. What happens right now is every prison runs its

1 own personnel, they run their own operations.

2 The Warden will tell you that God reports to the  
3 Warden, and not the other way around.

4 And I would actually think that you ought to  
5 centralize the personnel issues at headquarters, not leave  
6 it out in the individual prisons.

7 COMMISSION CO-CHAIRPERSON HAUCK: Yeah, I think  
8 that's a mistake in terms of the drafting. The way that  
9 should read is that "the administrative functions, such as  
10 personnel and procurement be centralized and that selection  
11 of wardens not require Senate confirmation."

12 COMMISSIONER JELINCIC: Two separate sentences?

13 COMMISSION CO-CHAIRPERSON HAUCK: Well, it doesn't  
14 have to be, but it could be.

15 COMMISSIONER DUCHENY: Take out the individual  
16 prisons.

17 COMMISSION CO-CHAIRPERSON HAUCK: Yes, correct.  
18 It just got turned around and in doing a number of drafts of  
19 this, that it got done.

20 COMMISSIONER JELINCIC: Why are we advocating --

21 COMMISSION CO-CHAIRPERSON HAUCK: It should be  
22 "not at individual prisons."

23 COMMISSIONER JELINCIC: Why are we not requiring  
24 Senate confirmation of wardens? I mean, what was the --

25 COMMISSION CO-CHAIRPERSON HAUCK: I think the

1 argument, principally was, if you're going to empower the  
2 Department to operate these institutions, you've got to have  
3 the people running those institutions appointed at  
4 essentially at the Governor -- as pleasure appointees of the  
5 Governor and, therefore, removable by the Governor, if he  
6 doesn't feel, or the Secretary, or through the Secretary, if  
7 they don't feel they're doing the job.

8 COMMISSIONER JELINCIC: Well, is there any reason  
9 why he can't -- why a warden can't be removable by the  
10 Governor, even though it's subject to Senate confirmation?

11 COMMISSION CO-CHAIRPERSON KOZBERG: I think,  
12 again, the intent of this was that we have moved away from a  
13 situation where the warden was a strong and more  
14 independent, and so that's when the Senate confirmation was  
15 important. And also the fact that, with the Senate  
16 confirmation process, often special interests can come and  
17 extract certain conditions for your appointment before  
18 Senate Rules.

19 COMMISSIONER BRULTE: One of the things we've  
20 learned from all of the hearings that have been conducted,  
21 not just specific to prisons, we find it in schools, too,  
22 where you have a really good principal, you have a really  
23 good school where you have good management.

24 Where we have strong wardens, we have far fewer  
25 problems in prisons.

1           During a hearing we had earlier in the year, Steve  
2 White, who was the Inspector General, appointed by Governor  
3 Davis, suggested eliminating Senate confirmations of  
4 wardens, because what it does is it eliminates the ability  
5 of a strong manager, a strong director of the department,  
6 and a strong Governor, to really go in and discipline the  
7 staff and to make sure the system runs efficiently.

8           To win the popularity contest of the interest  
9 groups, who have a specific interest in prison, to get  
10 through Senate confirmation, really, he believes, leads to  
11 some of the problems that are systemic in the prison system.  
12 So eliminating the Senate confirmation is a way of giving  
13 greater control to the department, and to headquarters, as  
14 we try to rein in what anybody who reads the newspaper  
15 knows, is a systemic mess at an institution that needs  
16 significant reform.

17           COMMISSION CO-CHAIRPERSON HAUCK: Right, I think  
18 that's about as well said as it could be said.

19           Let's move to the Labor and Workforce Agency.

20           COMMISSIONER JELINCIC: In the first paragraph,  
21 the Public Employees Relations Board, really does in fact  
22 need to be more independent because they're, in fact, going  
23 to rule on unfair labor practices by this very agency.

24           COMMISSION CO-CHAIRPERSON HAUCK: J.J., you're  
25 misreading these points. We're not proposing -- this

1 language doesn't propose that PERB, or the AG. Labor Board,  
2 or Fair Employment and Housing be dissolved and  
3 reconstituted in some other manner. All it does is say that  
4 these entities ought to be part of, in terms of a place to  
5 house them, the Department of Commerce, Consumer Protection,  
6 and Economic Development. Otherwise, they would remain the  
7 same as they are today.

8           It's the same point as we just covered under --  
9 I've forgotten what it was, but --

10           COMMISSIONER JELINCIC: Administrative Law Judges.

11           COMMISSION CO-CHAIRPERSON HAUCK: Yeah, that's  
12 right.

13           COMMISSIONER DUCHENY: Well, I think it may be a  
14 little confusing because I think ALRB is already within the  
15 Labor Agency; right, so it's not a move.

16           COMMISSION CO-CHAIRPERSON HAUCK: If it is, then  
17 we should just take that out of there.

18           COMMISSIONER DUCHENY: Am I missing something?  
19 ALRB, I mean, they should be -- I think the point is that  
20 they should still be boards, because they are quasi-  
21 judicial, and so you still need a PERB board, you still need  
22 an Ag. Labor Relations Board, and you still need a Fair  
23 Employment and Housing Board, or however that's constituted.  
24 But pushing the administrative functions of all of those  
25 into labor probably does make some sense.

1 COMMISSION CO-CHAIRPERSON HAUCK: Well, why don't  
2 we check that, because if that is the case --

3 COMMISSIONER DUCHENY: It may be confusing  
4 language because it says "move."

5 COMMISSION CO-CHAIRPERSON HAUCK: We'll change  
6 that. Essentially, what we're proposing here is that the  
7 Labor and Workforce Agency, which was reorganized two years  
8 ago, be left in place and no change be made there. And we  
9 move the economic development function to a place where it  
10 appears to be more appropriate.

11 COMMISSIONER DUCHENY: So EDD, though, would go to  
12 Consumer Protection?

13 COMMISSIONER FRATES: Well, the tax functions  
14 would go to the Revenue Department.

15 COMMISSIONER DUCHENY: That's confusing, too. I  
16 mean, the EDD one has always been an issue. I mean, in some  
17 ways it does go with labor, and I understand those folks who  
18 think differently. But I'm also concerned that their  
19 function is a workforce -- it's part of the EDD function is  
20 finding jobs for people or helping people, who are  
21 unemployed, find employment. And would the distribution of  
22 the checks then go to the Tax Board people?

23 COMMISSION CO-CHAIRPERSON HAUCK: What, the  
24 question is --

25 COMMISSIONER DUCHENY: If you're moving EDD

1 around, I guess, and I'm sorry, I did miss the hearing where  
2 this got talked about, but it seems to me that gets a little  
3 tricky because, on the one hand you're proposing that some  
4 of the EDD functions go to the Franchise Tax Board, which is  
5 collection of unemployment insurance. I mean, whatever it  
6 is we collect that goes through there.

7 And then who would distribute the checks becomes  
8 one question.

9 And then the third function that they have is  
10 things like helping people find jobs. So I'm not sure I  
11 understand how people propose dividing up EDD, and that's  
12 just more problematic for me than the other ones. I mean,  
13 I'm not opposed to this so much, but I don't quite  
14 understand how we do EDD.

15 COMMISSION CO-CHAIRPERSON HAUCK: This is silent  
16 on those points, Denise.

17 COMMISSIONER DUCHENY: Well, it says moving it.

18 COMMISSION CO-CHAIRPERSON HAUCK: Economic  
19 development, not employment development.

20 COMMISSIONER DUCHENY: Department. Oh, I see,  
21 it's a department, it's not EDD, what we call --

22 COMMISSION CO-CHAIRPERSON HAUCK: No. That's why  
23 I wondered what you were talking about. This is Economic  
24 Development, not Employment Development.

25 COMMISSIONER DUCHENY: Oh, I see, okay. So where



1 are you leaving the employment, the one I'm referring to,  
2 that's how I'm confused. It stays in labor?

3 COMMISSION CO-CHAIRPERSON HAUCK: Chon?

4 CO-EXECUTIVE DIRECTOR GUTIERREZ: It stays.

5 COMMISSION CO-CHAIRPERSON HAUCK: It says, that's  
6 what I thought.

7 CO-EXECUTIVE DIRECTOR GUTIERREZ: We've moved the  
8 revenue collection functions over, everything else stays the  
9 same.

10 COMMISSIONER DUCHENY: Oh, I see. Okay, sorry, I  
11 just didn't understand it.

12 COMMISSION CO-CHAIRPERSON HAUCK: Okay. Higher  
13 Ed. One suggestion I've got here is that where this reads  
14 "the Board of Governors" and then I would insert "and the  
15 Chancellor's Office of the California Community Colleges  
16 should be retained and be given enhanced authority." The  
17 Board of Governors and the Chancellor's Office.

18 We'll leave that to the Legislature.

19 COMMISSIONER TAYLOR: A clarifying question, if I  
20 may, Mr. Chair?

21 COMMISSION CO-CHAIRPERSON HAUCK: Peter?

22 COMMISSIONER TAYLOR: The Board of Governors and  
23 the Chancellor's Office retained and given enhanced  
24 authority, would they still be within that higher education  
25 division as it was outlined?

1 COMMISSION CO-CHAIRPERSON HAUCK: No.

2 COMMISSIONER TAYLOR: They would continue to be in  
3 effect kind of as --

4 COMMISSION CO-CHAIRPERSON HAUCK: Yeah, they'd be  
5 independent.

6 COMMISSIONER TAYLOR: Okay, I just wanted to  
7 clarify.

8 COMMISSION CO-CHAIRPERSON HAUCK: I mean, we'll  
9 get to that, that's a related question to the K-12.

10 COMMISSIONER TAYLOR: Yeah.

11 COMMISSION CO-CHAIRPERSON HAUCK: Are we okay with  
12 that one?

13 COMMISSIONER CANALES: Bill?

14 COMMISSION CO-CHAIRPERSON HAUCK: Yeah.

15 COMMISSIONER CANALES: I'm fine with that, I just  
16 have a question. The header on this reads "Higher  
17 Education," and I guess my question is, is this a section  
18 that's intended to address the recommendations under  
19 Education, Training, and Volunteerism?

20 COMMISSION CO-CHAIRPERSON HAUCK: No.

21 COMMISSIONER CANALES: They're not, okay.

22 COMMISSION CO-CHAIRPERSON HAUCK: Well, except for  
23 the --

24 COMMISSIONER CANALES: But there's a fourth one  
25 that speaks --

1 COMMISSION CO-CHAIRPERSON HAUCK: We can relabel  
2 it.

3 COMMISSIONER CANALES: I ask that, not just as a  
4 semantic point, but because I wanted to ask something if it  
5 is intended to address that whole section.

6 COMMISSION CO-CHAIRPERSON HAUCK: We can call it  
7 Higher Education and Volunteerism, if that --

8 COMMISSIONER JELINCIC: Well, what's your  
9 question?

10 COMMISSIONER CANALES: I guess my question, two  
11 questions. One is I was wondering whether we were just  
12 trying to pull out higher education from some of the other  
13 elements, and it sounds like we've answered that.

14 The second question is that in the midst of  
15 calling out some of the service and volunteerism issues, one  
16 of the things that I felt we heard a fair amount of  
17 testimony about was the issue of embedding the California  
18 Arts Council within the California Service Corps. There's  
19 nothing in here that addresses that, so I presume we don't  
20 intend to say anything about that?

21 COMMISSION CO-CHAIRPERSON HAUCK: Correct.

22 COMMISSIONER CANALES: Okay. I guess I, for one,  
23 would propose that we say something about that, because I  
24 sense that we heard a fair amount on that subject. And I  
25 know it's captured in the report. And I guess the question

1 for the Commission is whether we feel that it is worthy of  
2 calling out in and of itself. And I'm happy to stand aside,  
3 if it isn't.

4 COMMISSION CO-CHAIRPERSON KOZBERG: Call it out  
5 how?

6 COMMISSION CO-CHAIRPERSON HAUCK: What would you  
7 suggest, Jim?

8 COMMISSIONER CANALES: I guess what I'm suggesting  
9 is consistent with the testimony that we heard, and that is  
10 in this document, that we consider saying something along  
11 the lines of giving careful consideration before deciding to  
12 have the California Arts Council be embedded in the new,  
13 whatever we're calling it, the California Service Corps.

14 It seems to me that right now the recommendation  
15 is that it's embedded in there and that's pretty much done.  
16 I think we heard a fair amount of testimony suggesting that  
17 there ought to be care given to making that decision, and  
18 that it ought to be looked at carefully, and I don't sense  
19 that that has been done.

20 COMMISSIONER TAYLOR: I actually -- I think in my  
21 written comments last week, I actually took a slightly  
22 different tack from Commissioner Canales. I actually liked  
23 the idea of putting the Arts Council within the Service  
24 Corps, in part because it would attempt to marry funding  
25 with volunteer development. Arts organizations need both,

1 not just gifts of grants, but also to be embedded in a  
2 structure whose goal and purpose for existence is to  
3 encourage volunteer development, I thought it made sense to  
4 marry the two.

5 It's clearly an area where, and I'm not sure we're  
6 all in agreement, but I thought it might make sense  
7 to --

8 COMMISSION CO-CHAIRPERSON HAUCK: Do you guys want  
9 to duel it out?

10 COMMISSIONER FRATES: I think one thing to keep in  
11 mind is I don't think we heard anybody say that. I think  
12 Jim's right. I was looking back on my notes, everybody who  
13 spoke to that issue, the one about the cultural arts things,  
14 did not want that to happen.

15 Does anybody recall anyone else saying that?

16 COMMISSIONER DUCHENY: I guess my recollection,  
17 and I didn't even remember it being part of service, other  
18 than -- and the one I've always supported, kind of, and I  
19 heard a few people testify to, was the notion of merging  
20 culture and tourism, and to my way of thinking it goes with  
21 parks, and those kinds of areas, rather than higher ed.

22 COMMISSIONER O'NEILL: May I just add to the fact  
23 that I don't know whether volunteerism and the service corps  
24 belongs in this section, because where we're talking about  
25 it is whether it should be mandated in the higher education.

1 And there could be another section that we have in here,  
2 called "Other Reorganization Considerations," where it would  
3 fit better than in the higher ed.

4 COMMISSION CO-CHAIRPERSON HAUCK: Well, we can  
5 move that. But I mean, what's a compromise here?

6 COMMISSION CO-CHAIRPERSON KOZBERG: Yeah, can I  
7 comment, because I've had a lot of arts people communicate.  
8 I think their sense was they didn't really know what it  
9 meant, and they were fearful that it meant they wouldn't  
10 have staff, and that they would be perceived as all  
11 volunteer.

12 I think there's also a group amongst them that  
13 understands that to be part of the Governor's office is a  
14 very good place to call home. And I think that they -- that  
15 Jim's calling it due consideration be given --

16 COMMISSION CO-CHAIRPERSON HAUCK: Yeah, give  
17 consideration to whether those functions ought to be  
18 combined.

19 COMMISSIONER CANALES: That's right.

20 COMMISSION CO-CHAIRPERSON HAUCK: We'll draft  
21 something to that effect.

22 The last bullet in this section, I would suggest  
23 that we, in the first sentence of the last bullet, we say  
24 "we do not believe that they should be mandated," and put a  
25 period there. Forget about -- I mean, the cost and the

1 complexity is not the reason that we don't agree with this.  
2 And it's a bad idea.

3 COMMISSIONER FRATES: I think there's another  
4 point there, Bill, and that is that in the CSU system, in  
5 particular, 75 to 80 percent of the people there are working  
6 or are parents, and their plate's full.

7 COMMISSION CO-CHAIRPERSON HAUCK: And actually,  
8 they already have, for several years, implemented a program  
9 like this, at the request of then Governor Davis, and are  
10 now contributing, as are the UC folks, millions of hours of  
11 volunteer service. So I think the recommendation was  
12 probably not needed and we're against it because it's a bad  
13 idea.

14 All right, recommendations --

15 COMMISSIONER FRATES: You'll explain that to the  
16 Governor's wife, I trust?

17 COMMISSION CO-CHAIRPERSON HAUCK: Absolutely.

18 "Recommendations Requiring Further Study," we're  
19 in that section, now page 9.

20 COMMISSIONER JELINCIC: Bill, on the end of page  
21 9, we're recommending a small task force, not aligned with  
22 any of the education constituencies but, quite frankly, if  
23 they're going to work it out, don't the constituencies have  
24 to be there?

25 COMMISSION CO-CHAIRPERSON HAUCK: No, I mean that

1 the express point here is to not ask people, with a vested  
2 interest in how the current structure is, to take a look at  
3 it and make some recommendations. Part of the reason that  
4 we're so handcuffed on this is because nobody pays any  
5 attention to this, other than the involved constituencies,  
6 and the result of that has been what I termed, or termed at  
7 our hearing on this subject, a mess.

8 COMMISSIONER JELINCIC: But if you don't involve  
9 the players, how do you --

10 COMMISSION CO-CHAIRPERSON HAUCK: Well, I mean,  
11 clearly, J.J., a group doing this would have to involve the  
12 players. The point is, you want some people with  
13 independent judgment, after listening to folks who are going  
14 to obviously present their point of view, to make some  
15 recommendations to the Governor.

16 What happens after that, happens. It's the same  
17 story as the entire CPR effort. It doesn't stop there. Any  
18 change of this kind, the Governor would want to make, is  
19 going to have to go through the Legislature and probably, or  
20 potentially, even to the vote of the people.

21 Are we okay with that?

22 COMMISSIONER CANALES: Bill, just a point of  
23 clarification, and it relates to that last sentence in this  
24 section, about supporting the need for career and technical  
25 education.



1 COMMISSION CO-CHAIRPERSON HAUCK: Yes.

2 COMMISSIONER CANALES: Is that intended to be a  
3 piece of the work that is done by the task force? It wasn't  
4 clear to me what that sentence meant.

5 COMMISSION CO-CHAIRPERSON HAUCK: What the  
6 sentence means is we want to be sensitive to the fact that  
7 not all young people are going to go to a four-year school.

8 COMMISSIONER CANALES: Agreed. Couldn't agree  
9 with you more.

10 COMMISSION CO-CHAIRPERSON HAUCK: It doesn't go  
11 beyond that, really. It would be up to the Governor to  
12 constitute, if he chose to pursue this.

13 COMMISSIONER CANALES: I guess all I'm asking,  
14 Bill, is whether it's something that is more logically  
15 placed in the previous section, given the various bullets  
16 where we made statements about things that we heard.

17 It seems to me that including it in this section  
18 suggests that it warrants further study.

19 COMMISSION CO-CHAIRPERSON HAUCK: Right. We'll  
20 move it to that previous section.

21 COMMISSIONER DUCHENY: Well, and I guess the  
22 question in that context is are we -- do we support the  
23 notion, that was put forward, about having an Education and  
24 Labor, whatever it was called, Workforce and Education  
25 Commission, or something, and it had a bunch of people that

1 were listed, on who would be on it and things. And it kind  
2 of goes with this notion of merging workforce and education,  
3 which was -- or did we not have consensus on that or --

4 COMMISSION CO-CHAIRPERSON HAUCK: Let's not  
5 confuse this.

6 COMMISSIONER DUCHENY: Okay.

7 COMMISSION CO-CHAIRPERSON HAUCK: I mean, the  
8 consensus we've reached is that the existing Labor and  
9 Workforce Agency should remain.

10 COMMISSIONER DUCHENY: Right. No, that's fine.

11 COMMISSION CO-CHAIRPERSON HAUCK: It was  
12 reorganized two years ago. First.

13 Second, that we are not endorsing the CPR  
14 recommendation that an Education and Workforce Department be  
15 created. We are suggesting, instead, that the Governor --  
16 that that doesn't get at the heart of these --

17 COMMISSIONER DUCHENY: So just developing --  
18 that's all I -- developing the technical education, I'm for  
19 it.

20 COMMISSION CO-CHAIRPERSON HAUCK: Yes.

21 COMMISSIONER DUCHENY: But I actually thought the  
22 notion of the commission, as it was described, it wasn't a  
23 department, it was more like a commission, kind of made some  
24 sense. But I'm okay, I don't care.

25 COMMISSION CO-CHAIRPERSON HAUCK: All right. So

1 we'll move that to the previous section.

2 Health and Human Services.

3 COMMISSIONER OLSEN: Bill, can I just make a  
4 general comment about the K-12? The section as a whole,  
5 especially the first part of it, relating to the governance  
6 issues, I think is of sufficient weight that it may stand  
7 apart from just being another issue that is enumerated here.

8 And I'm just speaking for myself, and I think  
9 there are at least some other Commissioners who share this  
10 view, I felt this was an area, along with local government,  
11 in which I felt that these are the two areas in which the  
12 CPR recommendations probably didn't carry enough weight or  
13 force, and I'm wondering whether or not there might be a way  
14 of organizing this in a way that that stayed as directly --  
15 especially since the local government part is sort of tacked  
16 onto the end of the report.

17 And this is not so much anything about the content  
18 of the wording of any of the specific paragraphs, but it has  
19 to do with the way in which the headings are set up. And  
20 maybe there is a lead sentence that essentially says the  
21 Commission feels that the CPR recommendations were not  
22 forceful enough in a number of key areas, including K-12  
23 governance and the whole State/local relationship.

24 And the same comments would be made with the  
25 specific content, and just the way they would be organized

1 and ordered, that there might be a more forceful way of  
2 stating it. It's just a drafting issue.

3 COMMISSION CO-CHAIRPERSON HAUCK: Well, I'm for  
4 forceful. Maybe we can get you to help us draft this in  
5 that light, Steve.

6 COMMISSIONER OLSEN: Yeah.

7 COMMISSIONER JELINCIC: Bill, this again goes to  
8 intent. In this first paragraph, you know, there was a  
9 proposal to merge these three, and we heard some testimony  
10 both pro and con. The first part would seem to suggest that  
11 we're endorsing that, but then we put a semicolon to say we  
12 really ought to put together a working group to develop  
13 those.

14 So is that really what we're saying is this stuff  
15 needs more work?

16 COMMISSION CO-CHAIRPERSON HAUCK: Basically, yeah.

17 COMMISSIONER JELINCIC: Okay. I can support more  
18 work, I can't support merging.

19 COMMISSION CO-CHAIRPERSON HAUCK: Well, clearly,  
20 there's more work needed to be done. And probably, at the  
21 moment, reorganization would get in the way of the work  
22 being done.

23 COMMISSIONER CANALES: Bill?

24 COMMISSION CO-CHAIRPERSON HAUCK: Yes?

25 COMMISSIONER CANALES: Would I read the second

1 recommendation that we're making there, near the bottom of  
2 page 10, as being a statement that the recommendation in CPR  
3 to consolidate these two programs is not what we're  
4 supporting, but we're supporting that some better  
5 coordination --

6 COMMISSION CO-CHAIRPERSON HAUCK: Absolutely  
7 right.

8 COMMISSIONER CANALES: Okay, I want to make sure  
9 that's captured in some form.

10 COMMISSION CO-CHAIRPERSON HAUCK: Absolutely  
11 right.

12 COMMISSIONER CANALES: Because I feel that that  
13 denotes that we're really being responsive to what we've  
14 heard, which is that consolidation does not make sense.

15 COMMISSION CO-CHAIRPERSON HAUCK: Yes, is not  
16 necessary and probably doesn't make sense.

17 COMMISSIONER CANALES: Okay.

18 COMMISSION CO-CHAIRPERSON HAUCK: That's why we  
19 put the language in on the --

20 COMMISSIONER BATES: Mr. Chairman, I think I was  
21 talking and missed paragraph one, but would just like to ask  
22 if we could be a little more prescriptive in the fourth  
23 sentence, that says "the creation of working groups to  
24 develop recommendations for program realignment." The  
25 impact of the locals, who will most likely inherit, after

1 review, the programs, needs to have local representation on  
2 those working groups, and oftentimes they're overlooked.

3 But I think we heard testimony from a number of  
4 line workers who came forward and said, this doesn't work,  
5 you know, it's an idea that needs more development. They  
6 want some input, and I think we should be a little more  
7 prescriptive there so that's not overlooked. Could we do  
8 that? Yeah, I just said "include local representation," so  
9 they can choose how they want to do that, so we're not too  
10 prescriptive, but that we don't forget them in the formula.

11 COMMISSION CO-CHAIRPERSON HAUCK: All right.

12 COMMISSIONER BATES: Is that okay?

13 COMMISSION CO-CHAIRPERSON HAUCK: We'll do that.

14 COMMISSIONER BATES: Okay, thank you.

15 COMMISSION CO-CHAIRPERSON HAUCK: Yeah. Okay,  
16 under "Other Reorganization Considerations."

17 COMMISSIONER FOX: Bill, on the first bullet  
18 point, which I totally agree with, I wonder if we should  
19 also add -- we heard a lot of testimony about emergency  
20 medical services being detached from the medical corps, and  
21 I think we should add it here.

22 COMMISSION CO-CHAIRPERSON HAUCK: Leave them  
23 alone. We will add that. Leave the MS alone.

24 COMMISSIONER DANDO: What about the comments that  
25 we've heard, also, about CDF and CHP proposal, shouldn't

1 that be added that we give consideration --

2 COMMISSIONER BRULTE: Is this driving to that? I  
3 thought this paragraph --

4 COMMISSION CO-CHAIRPERSON HAUCK: No. Go ahead.

5 COMMISSIONER BRULTE: -- kind of was driving  
6 towards where CDF and the Highway Patrol were.

7 COMMISSION CO-CHAIRPERSON KOZBERG: You know, I  
8 think we could put it in there because I was thinking, well,  
9 we sort of have left the Highway Patrol hanging out there,  
10 with being absent with a comment, but commenting on other  
11 parts of it. So we certainly could add something.

12 COMMISSIONER BATES: I'd like to suggest that we  
13 add a bullet that indicates consideration to the CDF and CHP  
14 proposal that we heard today.

15 COMMISSION CO-CHAIRPERSON HAUCK: Is everybody  
16 okay with that? The suggestion is that we put some language  
17 here that suggests to the Governor that he consider the  
18 Highway Patrol/CDF organizational structure that was  
19 suggested here today, as opposed to what is recommended in  
20 CPR.

21 COMMISSIONER BRULTE: That's consistent where I  
22 think most of us are.

23 COMMISSION CO-CHAIRPERSON HAUCK: All right, we'll  
24 add that.

25 COMMISSIONER CARONA: I apologize for being late,

1 the Governor made me be someplace else. What was that  
2 testimony, because I don't have it in front of me, Mr.  
3 Chairman.

4 COMMISSIONER BRULTE: Consolidating the Orange  
5 County Sheriff's Department into the San Bernardino  
6 Sheriff's Department.

7 COMMISSIONER CARONA: Consolidation and  
8 elimination.

9 COMMISSION CO-CHAIRPERSON KOZBERG: With the  
10 Citizen's Oversight.

11 (Laughter.)

12 COMMISSIONER CARONA: That's why Sacramento's  
13 safe, Senator Brulte's in Orange County. Unfortunately,  
14 Orange County's not that safe.

15 COMMISSION CO-CHAIRPERSON HAUCK: Chon, I think  
16 you can just draw the distinction, I think that would be the  
17 best way to do it.

18 CO-EXECUTIVE DIRECTOR GUTIERREZ: To put it real  
19 simply, the proposal that was offered this morning, and that  
20 has been previously provided to us, takes the California  
21 Highway Patrol, the Department of Forestry, the Emergency  
22 Responses, Office of Emergency Services, puts them together  
23 into one agency, in lieu of picking up the Fish and Game  
24 people and the Parks and Recs. people.

25 COMMISSIONER FRATES: And also the park rangers



1 and all that kind of stuff.

2 CO-EXECUTIVE DIRECTOR GUTIERREZ: Yes. So it's a  
3 smaller version, and it's more focused on firefighters and  
4 CHP.

5 COMMISSIONER CARONA: Right.

6 COMMISSIONER FRATES: And didn't we have language  
7 in there, Mr. Chairman, that said something along the lines  
8 that we -- I think Joel and I discussed this, at least, the  
9 idea that all the public safety agencies be encouraged to  
10 coordinate their communications capability?

11 CO-EXECUTIVE DIRECTOR GUTIERREZ: Training and  
12 radios. Absolutely. That was Senator Ducheny made that  
13 point much earlier.

14 COMMISSION CO-CHAIRPERSON HAUCK: We can make that  
15 point. And I think that's where, in terms of all of us up  
16 here, I think that's where we are in terms of this.

17 COMMISSIONER CARONA: Well, Mr. Chairman, I just  
18 want to make sure that I report back to the constituency  
19 groups that I have, since I seem to be the token law  
20 enforcement officer on the Commission.

21 COMMISSION CO-CHAIRPERSON HAUCK: Well, hardly  
22 token.

23 COMMISSIONER CARONA: But there was a concern that  
24 a number of organizations had with the CPR proposals, and I  
25 think that they were well described during the testimony. I

1 just want to make sure that the consensus that you've all or  
2 we're all jumping into here, is an all hazards approach,  
3 which is kind of what was described out, that you put law,  
4 fire, EMS -- well, not EMS, but what would be described --

5 COMMISSION CO-CHAIRPERSON HAUCK: OES.

6 COMMISSIONER CARONA: OES. As a particular, a  
7 single point of contact for the Governor, is that where  
8 we're going?

9 COMMISSION CO-CHAIRPERSON HAUCK: Yes.

10 COMMISSIONER CARONA: Can I ask what happened with  
11 respect to the military, because that was also an issue that  
12 came into play?

13 COMMISSION CO-CHAIRPERSON HAUCK: They never were  
14 in this.

15 CO-EXECUTIVE DIRECTOR GUTIERREZ: We never  
16 proposed consolidating the military, it was always separate,  
17 reporting to the Governor.

18 COMMISSION CO-CHAIRPERSON HAUCK: Right. Hey,  
19 Chon, why don't you just stay right up there.

20 COMMISSIONER BRULTE: And the reason for that is  
21 because there are times when the military doesn't report to  
22 the Governor under any circumstances, because they're  
23 reporting to the President.

24 CO-EXECUTIVE DIRECTOR GUTIERREZ: Right, they  
25 report to the President.

1 COMMISSION CO-CHAIRPERSON HAUCK: All right, are  
2 we clear on that one?

3 COMMISSIONER JELINCIC: Chon, one of the things  
4 that had troubled me with the Department of Forestry is  
5 separating the fire suppression from resource management,  
6 using fire as a resource management. In the further detail  
7 that they gave, did they address that?

8 CO-EXECUTIVE DIRECTOR GUTIERREZ: They took it  
9 off. They don't draw a distinction between fuel loading in  
10 the forest and fighting the fire, it all has to be done at  
11 one time, is their view. And it's a pretty logical view.

12 COMMISSIONER FRATES: Right. The idea that they  
13 need an integrated approach is what they were after.

14 COMMISSIONER CARONA: And I don't want to belabor  
15 the point on the military or the National Guard, and I'll  
16 join in, with my colleagues, in terms of reaching a  
17 consensus here, but I think it needs to be said that from a  
18 parallel model with the federal government, while the  
19 Governor's the Commander in Chief of the National Guard,  
20 unless and until they're engaged in a federal level, and  
21 then the President becomes that, you can have civilian  
22 oversight of those military operations, as you have with the  
23 Secretary of the Department of Defense, as you do with the  
24 Secretary of the Navy, and the Secretary of the Army.  
25 It is a very common practice at the federal level.

1           And the only reason that those exist is so that  
2 the President, who is the ultimate Commander in Chief, has a  
3 single point of contact for, again, command and control.

4           I would suggest, if we're looking at this model,  
5 that that same parallel needs to be drawn here, in the State  
6 of California. While I would like to put that in the record  
7 because I think it's important for the Governor and the  
8 Legislature to listen to that, and at least describe it,  
9 does not usurp his authority, or the President's authority,  
10 if it's under Title 10.

11           But again, that is a point I'd like to make, not  
12 one that I'll go to battle on.

13           COMMISSION CO-CHAIRPERSON KOZBERG: I feel very  
14 comfortable with that because part of the compelling reason  
15 to leave them apart, the military apart, is that I had heard  
16 that the Governor had to be in direct -- the military had to  
17 report directly to the Governor.

18           COMMISSIONER CARONA: I do not believe that to be  
19 the case, though, with all due respect.

20           COMMISSION CO-CHAIRPERSON HAUCK: All right.  
21 Okay, are we okay with that?

22           All right, the next bullet, "Victim's Compensation  
23 Board and the Victim's Services Division."

24           Is that okay?

25           COMMISSIONER FRATES: Yeah.

1           COMMISSION CO-CHAIRPERSON HAUCK: All right, the  
2 next one is the "Science Center and the African American  
3 Museum."

4           COMMISSIONER JELINCIC: I don't remember, where  
5 are these, now?

6           COMMISSION CO-CHAIRPERSON KOZBERG: Los Angeles.

7           COMMISSIONER JELINCIC: I know, but where are --

8           COMMISSIONER DUCHENY: It's a single building, and  
9 it's the only actually State-owned and operated museum. The  
10 rest of the museums in the State are all nonprofits or  
11 locally run, and that's why giving them some home in life,  
12 because they're just sort of out there, I think is the --

13          COMMISSION CO-CHAIRPERSON HAUCK: Also, as you'll  
14 recall, that Governor Deukmejian very strongly urged that  
15 the State retain its responsibilities for the California  
16 Science Center. It does a significant amount of science and  
17 technical education as its function.

18          COMMISSION CO-CHAIRPERSON KOZBERG: And  
19 consistently, over the years, this comes up as an issue of  
20 are they State or are they better turned over to local  
21 authority. And to put them in Parks, they wouldn't get the  
22 kind of attention that they feel that they need to resolve  
23 these kind of issues.

24          COMMISSIONER BRULTE: Let me just ask a question.  
25 I don't think the State ought to be operating the Science

1 Center. Having said that, transferring it to the local  
2 authority, I'm all right with, but then what do you mean by  
3 identifying resource. If this is the State pay for it and  
4 we let the locals run it, I'm against it.

5 If it's giving it to the locals and let them run  
6 it, I'm fine.

7 If we're going to keep it, we ought to keep it.

8 So I'm just --

9 COMMISSION CO-CHAIRPERSON KOZBERG: I think  
10 there's a sense that when you spin off a museum that has  
11 come in for resources every year, you have to be realistic  
12 that you need to bridge that, and to understand the economic  
13 modeling that museums have is the reality.

14 COMMISSION CO-CHAIRPERSON HAUCK: So it could be a  
15 phased program, if this is the way it goes.

16 COMMISSIONER BRULTE: Well, then you should say  
17 phased program. I mean, the reason we have it is because,  
18 generally, the Speaker of the Assembly is from L.A. and they  
19 never let us get rid of it.

20 But if you want to say "phased," I'm for that.

21 COMMISSIONER FRATES: Should we change the Speaker  
22 arrangements?

23 COMMISSIONER BRULTE: That will happen in six  
24 years, anyway.

25 COMMISSION CO-CHAIRPERSON HAUCK: We'll add the

1 aspect of phasing this process. All right.

2 COMMISSIONER JELINCIC: Does that mean we're  
3 dictating what this task force is going to do?

4 COMMISSION CO-CHAIRPERSON HAUCK: No, J.J., it  
5 doesn't mean we're dictating.

6 COMMISSIONER O'NEILL: May I just ask a question?  
7 For other organizational considerations, one of the things  
8 that perhaps could be under here is a statement on  
9 conservancies. I did turn in something, but it was too late  
10 to get to this document. They're proposing the eight  
11 conservancies down to three, and not having the local  
12 control of that.

13 This has eight different areas of the State very  
14 concerned, because local participation is what's protecting  
15 it at this time. And I thought we had enough discussion on  
16 that, or input on that. I got a tremendous number of papers  
17 on that. And I think someone from San Diego brought that to  
18 our attention, signed by the Mayor and the Council members.  
19 And that's also for the Los Angeles and San Gabriel  
20 Conservancies.

21 COMMISSION CO-CHAIRPERSON HAUCK: Right. Well,  
22 we -- how do you all feel about this? We are silent on this  
23 issue of the conservancies at the moment.

24 COMMISSIONER O'NEILL: Carol Whiteside asked if I  
25 was going to bring this up, and I was going to wait because

1 I had turned in this paper too late.

2 COMMISSION CO-CHAIRPERSON HAUCK: Okay. No,  
3 that's all right.

4 COMMISSIONER TAYLOR: I had also raised a concern  
5 about too quickly kind of having the State devolve itself of  
6 responsibility, as it relates to the Conservancies. The few  
7 I'm familiar with are really extremely large, regional  
8 institutions, or affect large regional areas, and not just  
9 citizens in an individual city or an individual county, they  
10 really have impact above and beyond that.

11 So I suggested that that one kind of be sent back  
12 for additional study. In part, because you want to also  
13 test, with the locals, whether or not they're as committed  
14 to these as the State has been, and will the locals be  
15 willing to take them on. If they don't think it's a  
16 priority, then maybe they don't need to exist.

17 But I thought that one needed to be studied a  
18 little bit more, a similar comment to Commissioner O'Neill.

19 COMMISSION CO-CHAIRPERSON HAUCK: Russ?

20 COMMISSIONER GOULD: Well, maybe one approach on  
21 the Conservancies is to look at some of the criteria we're  
22 about to look at on boards and commissions. We talk about  
23 is there truly a statewide purpose, and so I think we could  
24 look at the Conservancies in the same light.

25 COMMISSION CO-CHAIRPERSON HAUCK: That's a good



1 idea. How about that, folks? I think that's fine.

2 COMMISSIONER TAYLOR: Again, the issue with the  
3 statewide is heart, because something that impacts Ventura  
4 and Santa Barbara County probably doesn't impact the entire  
5 State.

6 COMMISSION CO-CHAIRPERSON HAUCK: Well, it could.

7 COMMISSIONER O'NEILL: I would just like the word  
8 "Conservancies" someplace in here, and I think where you  
9 talk about board reorganization --

10 COMMISSION CO-CHAIRPERSON HAUCK: I think that's a  
11 good suggestion, that we add that to this section of boards  
12 and commissions, just as a preface to this.

13 Joanne and I felt that it didn't make sense for us  
14 of going down the road of trying to pick and choose, for the  
15 most part, with the exceptions that are in this draft, which  
16 commissions should stay and which commissions should go. We  
17 thought it would be more productive to try to come up with  
18 some decent criteria against which the Governor could then  
19 evaluate the CPR recommendations on eliminations, and decide  
20 what he wants to submit to the Legislature. That's the  
21 essence of this section.

22 COMMISSIONER CANALES: Bill?

23 COMMISSION CO-CHAIRPERSON HAUCK: Yes.

24 COMMISSIONER CANALES: Supporting that sense, may  
25 I make, though, two general recommendations about how this

1 section might be framed?

2 One, that we might make note that the majority of  
3 public comment really did center on boards and commissions?  
4 I think it's fair to say that the majority of public comment  
5 centered on these things.

6 COMMISSION CO-CHAIRPERSON HAUCK: Oh, yeah.

7 COMMISSIONER CANALES: And second, that I guess we  
8 would call particular attention, and I don't know how the  
9 repagination would be, but we would call particular  
10 attention to the last 70 pages of this report, that we  
11 received on Monday, because it really does enumerate,  
12 particularly, where there was a fair amount of feeling,  
13 strong feeling about it.

14 And I think I would feel better, as a  
15 Commissioner, to say, you know, we heard this, there's a lot  
16 of concern out there, and we hope that whoever's going to  
17 make these decisions would not only look at this criteria,  
18 but would look carefully at this portion of the report.

19 COMMISSION CO-CHAIRPERSON HAUCK: I think that's  
20 fine. Have you got that, Andrew?

21 Is that cool with everybody? All right.

22 COMMISSIONER DANDO: Bill, I had one item that I  
23 wanted to see if we could add, and I don't know if it's  
24 appropriate to add it to the boards and commissions, or if  
25 it should go under the Health and Human Services.

1 But I'm hopeful that all the Commissioners will  
2 agree that we should not support the elimination of the  
3 Health Disease and Stroke Prevention Treatment Task Force.

4 COMMISSION CO-CHAIRPERSON HAUCK: Absolutely.

5 COMMISSIONER DANDO: And so if we could add that,  
6 either as I say, under this category, or Health and Human  
7 Services.

8 COMMISSIONER FOX: Was that the only commission  
9 that -- that one is a sunset --

10 COMMISSIONER DANDO: Yeah, and it's not actually a  
11 commission, it's a task force, so that's why I don't --

12 COMMISSIONER FOX: Right, and that's the only one  
13 that we've dealt that had --

14 COMMISSIONER DANDO: Right, and it's also self-  
15 funded. And the other thing I would suggest, that when  
16 we --

17 COMMISSION CO-CHAIRPERSON HAUCK: It's federal  
18 money, I think.

19 COMMISSIONER DANDO: It's federal money, right.  
20 But I would also suggest that, because I've heard  
21 conflicting reports on whether or not they've ever met,  
22 whether or not they've appointed, and so I think that we  
23 should, in our recommendation, suggest that in a certain  
24 time period that they actually do something, since we've  
25 heard so much about their interest.

1 COMMISSIONER FOX: Yeah, I think it's new to them.

2 COMMISSIONER DANDO: Yeah.

3 COMMISSION CO-CHAIRPERSON HAUCK: All right, we'll  
4 figure out -- we'll either put them in with the boards and  
5 commissions or we'll put them back in Health and Human  
6 Services, but we'll definitely get that one in. I don't  
7 want to go down that road.

8 All right. I mean, unless you want to mess with  
9 the language, those three pages are essentially what I  
10 described.

11 COMMISSION CO-CHAIRPERSON KOZBERG: I think  
12 they're good.

13 COMMISSION CO-CHAIRPERSON HAUCK: And that brings  
14 us to page 15, which is a suggestion, essentially, that --

15 COMMISSIONER DUCHENY: I'm sorry, before we leave  
16 the Boards and Commissions, just one other comment.

17 COMMISSION CO-CHAIRPERSON HAUCK: Yeah.

18 COMMISSIONER DUCHENY: In the first sort of "does  
19 it serve a statewide purpose," was it the intent here, with  
20 the local and regional functions, to imply that those  
21 conservancies, that everybody objects to changing, or to  
22 call out the Fair Boards?

23 The first one, my two points, one is that the  
24 entity serve a worthwhile State purpose, and it seems to  
25 imply that we would support the notion of the Conservancies

1 and the Fair Boards becoming local, and I don't know that  
2 there's a consensus on that, there's an awful lot of public  
3 objection to it. And the Conservancies, on the whole, were  
4 created by the Legislature and, therefore, probably can't be  
5 disbanded without them.

6 COMMISSION CO-CHAIRPERSON HAUCK: Why don't we  
7 just take that sentence out as an example.

8 COMMISSIONER BRULTE: Are you going to leave the  
9 Fair Board, though, in.

10 COMMISSION CO-CHAIRPERSON HAUCK: No, take that  
11 out, that's what I'm saying.

12 COMMISSIONER DUCHENY: It's up to you.

13 COMMISSION CO-CHAIRPERSON HAUCK: "For example,  
14 County Fair Boards should be considered for transfer to" --

15 COMMISSIONER BRULTE: I'd actually leave them in.  
16 There is absolutely no compelling State interest --

17 COMMISSION CO-CHAIRPERSON HAUCK: I agree with  
18 you, Jim.

19 COMMISSIONER BRULTE: -- in who sits on the San  
20 Bernardino County Fair Board, none.

21 COMMISSIONER DUCHENY: I'm okay with that on the  
22 considered basis. The part I was more concerned about was  
23 the previous sentence, and I don't know how to reword it,  
24 but where it said "transfer to local agencies," that that  
25 might imply those conservancies that everybody feels very

1 strongly about, locally.

2 MS. SHEEHAN: Senator Ducheny, I think you may  
3 have stepped out when Mayor O'Neill brought up the issue of  
4 the Conservancies, earlier.

5 COMMISSIONER DUCHENY: Okay, sorry.

6 MS. SHEEHAN: And that either it will be -- I  
7 think the discussion was either further study of those  
8 issues or subject to the regulatory authority.

9 COMMISSIONER DUCHENY: But not implying that we  
10 were actually trying to do that, that was the only one  
11 there --

12 MS. SHEEHAN: Right, I think you missed that  
13 discussion.

14 COMMISSIONER DUCHENY: Okay, I'm sorry.

15 COMMISSION CO-CHAIRPERSON HAUCK: Okay.

16 COMMISSIONER DUCHENY: And then my one other one  
17 was only when we were putting criteria, you know, these kind  
18 of points that you made about criteria, one other one was,  
19 if it brings in federal money, don't get rid of it. That  
20 applies to the State Historic Resources Board and I don't  
21 know about others, but that in terms of eliminating, one  
22 ought to consider whether if the federal government requires  
23 it as a condition of us receiving federal funds, that ought  
24 to be a consideration as to whether or not you eliminate a  
25 board.

1           COMMISSION CO-CHAIRPERSON HAUCK: Well, but the  
2 first point, the first consideration is does it make sense  
3 to have the thing, whether you can get federal money for it  
4 or not.

5           COMMISSIONER BRULTE: Yeah, I'm not sure that I'd  
6 consider that to be dispositive at all.

7           COMMISSIONER DUCHENY: Oh, okay. Okay, so there  
8 is one that says -- okay, so that would come under the  
9 category of worthy State purpose, in some people's minds,  
10 for it to be a criteria?

11          COMMISSION CO-CHAIRPERSON HAUCK: Yes.

12          COMMISSIONER DUCHENY: Okay, that's it.

13          COMMISSION CO-CHAIRPERSON HAUCK: I mean, how do  
14 you all feel about it, I mean, if the elected members of  
15 this board, of this Commission are okay with that, we'll  
16 leave it in.

17          COMMISSIONER BRULTE: I'd leave it in.

18          COMMISSION CO-CHAIRPERSON HAUCK: All right, we're  
19 leaving it in.

20          All right, the final point is self-explanatory,  
21 and it would obviously be a major undertaking. But also  
22 there's the typo, Prop. 13 was approved in 1978, not '87.

23          COMMISSIONER CARONA: Mr. Chairman, I'd like to  
24 just propose some additional language on that, because I  
25 think you did a great job in kind of framing what we heard,

1 but I'd suggest adding another paragraph that goes something  
2 along the lines of "a guiding principal should be funding  
3 equity among jurisdictions that are more consistent and are  
4 at equal levels of service, so that equal levels of service  
5 are provided to all citizens throughout the State."

6 COMMISSIONER JELINCIC: I think we heard some  
7 discussion around the disparity of services around the State  
8 of California.

9 COMMISSION CO-CHAIRPERSON HAUCK: I can't imagine  
10 why you'd want to suggest that, I just can't. It sounds  
11 good to me.

12 COMMISSIONER CARONA: Since we send a dollar up  
13 and we get six cents back, I thought it would be important  
14 for that discussion to be had.

15 COMMISSION CO-CHAIRPERSON HAUCK: Is everybody  
16 okay with that? Okay, we'll add that.

17 COMMISSIONER FOX: Is there any reason we're  
18 limiting the suggestion to the Governor that he go greater  
19 in scope, just the State/local issue or -- I'm sorry?

20 COMMISSION CO-CHAIRPERSON HAUCK: Well, just a  
21 second.

22 COMMISSIONER FOX: Okay, I'm sorry.

23 COMMISSIONER OLSEN: That sure sounds great, but  
24 the implications for a whole bunch of equalization  
25 decisions, the long-standing issues about the allocation of



1 tax revenues between different kinds of jurisdictions, I  
2 don't even know where that particular language hits, I just  
3 don't have a good sense of that.

4 COMMISSION CO-CHAIRPERSON HAUCK: You're speaking  
5 to --

6 COMMISSIONER OLSEN: To Sheriff Carona's.

7 COMMISSIONER CARONA: My comments?

8 COMMISSIONER OLSEN: Yeah.

9 COMMISSIONER CARONA: And by the way, I'm not  
10 suggesting that there needs to be a whole reformulation of  
11 that particular strategy. What I am suggesting, though, is  
12 that we heard loud and clear that there needs to be  
13 consistent treatment across the State of California, if  
14 you're looking at the deployment of mental health services,  
15 of law enforcement services, of healthcare, and the only way  
16 you're going to be able to do that is if you look at it  
17 holistically, and systemically.

18 COMMISSIONER FRATES: Yeah, I'd go a step further  
19 on that, that part of it is Orange County gets gouged and  
20 other places don't, and there's some really egregious  
21 difference on State subventions. But I think what some of  
22 us were talking about here, at least, is that structurally,  
23 the system is inordinately complex and not particularly  
24 efficient.

25 A couple of us have discussed the concept of

1 property taxes strictly for locals, the State taking the  
2 income tax, and then parceling out funding for schools based  
3 on where the children are and the particular problems  
4 individual children have, something like that.

5 That's a huge, both structural and conceptual  
6 change, there's no question about it. But I think there's  
7 no question -- equally, there's no question, that our  
8 current, very convoluted, and idiosyncratic system is not  
9 every efficient or effective.

10 COMMISSIONER OLSEN: I'm thinking of the entire  
11 basis for fiscal relief after Proposition 13, for example,  
12 was based on the taxing efforts that were being made by  
13 local jurisdictions prior to the voter approval.

14 COMMISSIONER FRATES: But Steve, that was AB 8, as  
15 you recall.

16 COMMISSIONER OLSEN: Yeah.

17 COMMISSIONER FRATES: Okay, and that was an  
18 Assembly action that, in the view of a lot of us, distorted  
19 a situation that has only compounded over the last 25 years.

20 COMMISSIONER OLSEN: I'm not making an argument  
21 for or against any particular change. I think my point is  
22 that it's an enormously complex issue and that if you are  
23 pointing in the direction of more of a statewide approach,  
24 it would completely change the basis upon which the property  
25 tax is levied, for example.

1           You would lead to a statewide distribution of  
2 property tax revenues, as opposed to one that is the current  
3 basis, under Proposition 13, which is countywide. Maybe  
4 it's a good idea, maybe it's not. And this Commission  
5 hasn't really thought through that issue.

6           And I'm just not sure I fully understand the full  
7 implications of a statement of that type of a raw statement.

8           COMMISSION CO-CHAIRPERSON HAUCK: Well, let me ask  
9 Mike if he would agree to leave this as it's drafted. I  
10 think the clear point here is there needs to be a thorough  
11 ongoing review of State and local responsibilities, that  
12 would include the elements that you want to include, as well  
13 as probably a whole range of others.

14           COMMISSIONER OLSEN: I mean, you could make a  
15 reference to including consideration of the current equity  
16 regarding the distribution of State and local resources,  
17 that may cover it, without actually endorsing a particular  
18 principle.

19           COMMISSIONER CARONA: That's fine.

20           COMMISSION CO-CHAIRPERSON HAUCK: Does that work,  
21 Mike?

22           COMMISSIONER CARONA: I'm very comfortable,  
23 Mr. Chairman, thank you.

24           COMMISSION CO-CHAIRPERSON HAUCK: Okay.

25           COMMISSIONER BRULTE: With one caveat, would you

1 mind just leaving it, period, after "most appropriate," the  
2 function? Getting rid of the last sentence.

3 COMMISSION CO-CHAIRPERSON HAUCK: Oh, all right,  
4 sure.

5 COMMISSIONER BRULTE: You know, I'm tired of Prop.  
6 13 being blamed for all of the ills of the State. Property  
7 tax has grown ten percent a year, on average. You know,  
8 only in government is ten percent growth not enough.

9 COMMISSION CO-CHAIRPERSON HAUCK: I'm fine with  
10 that. That wasn't the intent of the sentence, Jim.

11 COMMISSIONER OLSEN: Should we take out the last  
12 sentence, Mr. Chair?

13 COMMISSION CO-CHAIRPERSON HAUCK: We take out the  
14 last sentence there, yeah.

15 COMMISSIONER DUCHENY: Yeah, I'm with them. I  
16 actually read it as a thing about the function, the money  
17 following the function. I don't think it's about  
18 reorganizing where the money goes, I think it's more about  
19 it really goes back to when it was sort of mentioned in the  
20 Health and Human Services, but it's really a discussion of  
21 realignment and who should be -- what money goes to who, to  
22 pay for what service.

23 COMMISSIONER FRATES: Well, that's one way to  
24 approach it. But even structurally, systemically, not even  
25 in the service delivery, the structural relationship, the

1 distortions had occurred because there's no local incentive  
2 for cities to have housing.

3 COMMISSIONER DUCHENY: Right.

4 COMMISSIONER FRATES: And I think it's the sense  
5 of the Commission that this should be called the Hauck  
6 Commission, so that --

7 COMMISSIONER DUCHENY: I have a bill you'll be  
8 interested in.

9 COMMISSION CO-CHAIRPERSON HAUCK: Okay, folks.  
10 Let's --

11 COMMISSIONER O'NEILL: Mr. Chair?

12 COMMISSION CO-CHAIRPERSON HAUCK: Joel, and then  
13 Beverly.

14 COMMISSIONER FOX: Yeah, the point I was raising,  
15 when Steve spoke up on Mike's motion, was that while I  
16 absolutely agree with this paragraph, in fact one of the  
17 recommendations I sent in, why are we limiting the scope?  
18 If we're asking the Governor to look at a larger vision of  
19 changes to the State of California, beyond what the CPR  
20 looked at, should we also suggest other changes? For  
21 instance, Mr. Chairman, things you considered when you were  
22 Chairing previous?

23 COMMISSION CO-CHAIRPERSON HAUCK: No. I'd suggest  
24 that you recommend that to --

25 COMMISSIONER FOX: Let's get it all done at one

1 time, is my thinking.

2 COMMISSION CO-CHAIRPERSON HAUCK: Why don't you  
3 recommend that to him, individually. Let's not go down that  
4 road.

5 COMMISSIONER JELINCIC: If I can follow up a  
6 little bit. You know, one of the criticisms that I've made  
7 is that we've really asked the CPR to look at how to do what  
8 we do cheaper, and didn't look at the big question. And  
9 maybe we ought to, in fact, encourage the Governor to create  
10 a task force to look at what kind of services -- what kind  
11 of world do we want to leave our grandkids, and how do we  
12 get there?

13 COMMISSION CO-CHAIRPERSON HAUCK: We do have, in  
14 this set of recommendations, some of the elements -- some  
15 elements of what you refer to, Joel, particularly, for  
16 example, with respect to K-12 education, with respect to  
17 State and local financial relationships, as well as areas in  
18 the Health and Welfare section that potentially could result  
19 in shifts of responsibilities of various functions. So I  
20 think we have actually gone beyond the mandate that Chon and  
21 his folks had.

22 And I think to try to go further than that in this  
23 document, doesn't make much sense.

24 COMMISSIONER O'NEILL: Yeah, let me just say, I  
25 have to tell you, I was amazed at the Straw Man document, to

1 think that all of the things that we turned in you found  
2 some consensus on, and I must commend you. And even though  
3 it's been wordsmithed today, I think it's a better document.

4 COMMISSION CO-CHAIRPERSON HAUCK: Agreed.

5 COMMISSIONER O'NEILL: Thank you for that.

6 There were 1,200 recommendations, I think, that  
7 were made, and we probably have heard or addressed less than  
8 300, I don't know about that number. And many of them have  
9 some effect on the local government, and such as  
10 transportation corridors, they talk about siting of  
11 electrical plants, housing, affordable housing, where it can  
12 be. And is this document a place where there could be a  
13 statement, someplace, saying that on issues that have, that  
14 add to eliminating services to the local governments, that  
15 the local governments have some representation on these  
16 decisions?

17 I don't know where this belongs, I just know that,  
18 in working with the League of California Cities, they have  
19 pages, I attached their recommendations to my document that  
20 I sent in, and they're concerned about many of the things  
21 that are in here, that we haven't addressed.

22 COMMISSION CO-CHAIRPERSON HAUCK: We actually have  
23 added language like that to a couple of the sections, so I  
24 think that we should leave it as it is.

25 COMMISSIONER O'NEILL: Oh, I'm not fighting to

1 have it -- I just think someplace it needs to be implied  
2 that local government, throughout the State, if it has to do  
3 with their cities or, you know, assuming transportation  
4 corridors, that it says something in there.

5 COMMISSIONER GOULD: Bill, just one approach would  
6 be, I know, graciously, Mr. Olsen's offered to rewrite the  
7 State/local piece. And maybe within that we can have some  
8 consideration of this, you know, kind of the mandate  
9 question and the --

10 COMMISSIONER O'NEILL: That would be nice.

11 COMMISSIONER GOULD: -- and to be sensitive to the  
12 State/local relationship.

13 COMMISSIONER O'NEILL: I'm not even talking about  
14 mandates, I'm just talking about what may happen in the  
15 cities that they lose their --

16 COMMISSION CO-CHAIRPERSON HAUCK: You're  
17 responsible for that proposal.

18 COMMISSIONER O'NEILL: Okay, Steve, I'm calling  
19 you.

20 CO-EXECUTIVE DIRECTOR GUTIERREZ: Just a footnote  
21 to -- in our document, General Government Number 27 and  
22 General Government Number 28 speaks to creating a formal  
23 mechanism for improving State and local government relations  
24 in California, so we've recommended that. It's a task  
25 force, in effect, in the Governor's office.



1           We also recommended that we improve local  
2 government finances by increasing productivity of revenues.  
3 We have a write-up on that issue.

4           Principles for governance in the partnership  
5 between the State and local government, and so that's on 26,  
6 27, 28, 29. They all try to get to that issue in very  
7 general terms. Not real specific, but we recognize there's  
8 a need there.

9           COMMISSION CO-CHAIRPERSON HAUCK: Okay. I want to  
10 point out to everybody that you have a package in front of  
11 you, that came from the Supervisor, Chris Norby, who's here  
12 from Orange County, related to redevelopment information,  
13 that he wanted to get to everyone. So please take note of  
14 that.

15           COMMISSIONER FRATES: Mr. Chair, if we could have  
16 one more procedural item before the Board?

17           COMMISSION CO-CHAIRPERSON HAUCK: Say it again,  
18 Steve?

19           COMMISSIONER FRATES: Could we have one more  
20 procedural item before the Board, our Commission?

21           COMMISSION CO-CHAIRPERSON HAUCK: One more what?

22           COMMISSIONER FRATES: Procedural item?

23           COMMISSION CO-CHAIRPERSON HAUCK: Sure.

24           COMMISSIONER FRATES: Okay, I'd like to propose  
25 that we formally recognize and cite this to the Governor,

1 three groups of people, in the performance of our duties.

2 First, the immediate staff that supported us, who  
3 did a superb job.

4 Second, the CPR representatives, the professional  
5 staff. We've applauded them, but I think they deserve more  
6 than that. It speaks very highly to the expertise of the  
7 people that we have working for the State.

8 And J.J., I know you're sensitive to that.

9 And then third, and perhaps more broadly, to all  
10 the people who worked on the Commission, applied for your  
11 group, Chon, and all the State government employees,  
12 generally.

13 I know that Anne, on occasion -- I had occasion to  
14 call people in the State organizations in various questions  
15 that I had, and the response was immediate, professional,  
16 first class, and I think it speaks very well to the status  
17 of the State of California, that we are, indeed, served by  
18 public servants in the first order of magnitude, J.J.

19 And despite our minor differences, from time to  
20 time, about how things ought to be structured, that there's  
21 no doubt that the professional expertise and quality of the  
22 performance of the State government employees has been  
23 outstanding.

24 I think we should formally mention that to the  
25 Governor and the Legislature, also.

1 COMMISSIONER O'NEILL: And I think our Chairs,  
2 also.

3 COMMISSION CO-CHAIRPERSON HAUCK: We'll take that  
4 in the form of a motion, and I'll second it.

5 All those in favor, please say aye,.

6 (Ayes.)

7 COMMISSION CO-CHAIRPERSON HAUCK: Opposed?

8 Motion carries.

9 Let me recognize Senator Brulte here, for a  
10 moment.

11 COMMISSIONER BRULTE: I understand that your  
12 intent, now, is to get us to make a general agreement on  
13 these guiding principles, and I think that every one of us  
14 had areas, one or two, where we might have disagreed with.  
15 So on the vote, what I think it ought to be is a vote to let  
16 the Governor know that each individual recommendation got a  
17 majority support, but that doesn't bind, for example, J.J.,  
18 to the entirety of the package.

19 COMMISSION CO-CHAIRPERSON HAUCK: Right.

20 COMMISSIONER BRULTE: So it expresses the intent  
21 of the majority of the Committee on each individual point,  
22 but it doesn't require us -- for example, there are two  
23 things in here I absolutely won't support, and it doesn't  
24 tie me to supporting those.

25 COMMISSION CO-CHAIRPERSON HAUCK: And I'll take

1 that as in the form of a motion, and I'll second that, as  
2 well.

3 Those in favor say aye?

4 (Ayes.)

5 COMMISSION CO-CHAIRPERSON HAUCK: Opposed?

6 Motion carries.

7 Ladies and gentlemen, you've all been  
8 fantastically conscientious with respect to this task.

9 COMMISSIONER OLSEN: I think there's an important  
10 point that, when we adjourn, we need to adjourn sine die.

11 COMMISSION CO-CHAIRPERSON HAUCK: Yes. Sine die,  
12 die, die, yes.

13 Thank you for all of your dedication, all of the  
14 time that was expended.

15 Chon, thanks for all the help.

16 We are adjourned. And Andrew and Anne.

17 We are adjourned, sine die, done, finished.

18 (Thereupon, the October 20th  
19 meeting and public hearing of the  
20 California Performance Review was  
21 adjourned at 3:06 p.m.)

22 --oOo--

23 \* \* \* \* \*

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## CERTIFICATE OF REPORTER

I, RONALD J. PETERS, a Certified Shorthand Reporter, do hereby certify:

That I am a disinterested person herein; that the foregoing State of California, California Performance Review, Final Hearing was reported by my staff and thereafter transcribed into typewriting.

I further certify that I am not of counsel or attorney for any of the parties in this matter, nor in any way interested in the outcome of this matter.

IN WITNESS WHEREOF, I have hereunto set my hand this 25th day of October, 2004.

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